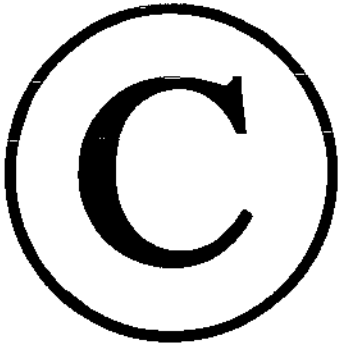
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FROM THE DESK OF THE EDITOR-IN-CHIEF

I hope you enjoyed Volume 47, the Millennium Volume, as much as we did in bringing it to you. The special Millennium artwork of Volume 47 was created by Heidi Kwan Roman, Art Director, St. John's University School of Law.

Volume 48 begins with the combined publication of the Fall and Winter Issues, Issues One and Two. Due to the large volume of excellent material and the desire to publish articles as quickly as possible, the *Journal* decided to combine Issues Number One and Number Two.

The Volume begins with the speech *A Wide-Eyed Generalist Confronts Copyright Law*, given by the Honorable Mary M. Schroeder, Judge of the United States Court of Appeals for the Ninth Circuit at the mid-year meeting of the Society on February 10, 2000. Judge Schroeder concluded her speech with the observation "Together, generalized judges and specialized lawyers can produce intellectual property law that will mellow, adapt and improve in quality over time, in the spirit of the fine product produced here in the Napa Valley."

Part II is the extraordinarily helpful and hardy perennial *Recent Developments in Copyright* authored by David Goldberg, Robert Clarida, Thomas Kjellberg and their colleagues.

Part III begins with *Their Master's Voice? Recording Artists, Bright Lines, and Bowie Bonds: The Debate Over Sound Recordings as Works Made For Hire* by Corey Field. The article examines "the work-made-for-hire debate within the context of the evolution of ownership rights between publishers and authors, and will present an analysis of the work-made-for-hire status of sound recordings" in the period before February 15, 1972, the period between February 15, 1972 and December 31, 1977, the period from January 1, 1978 through November 29, 1999, the period from November 29, 1999 when the Copyright Act was amended to add sound recordings to the list of works that may be specially ordered or commissioned as works made for hire and finally, the "Work Made For Hire and Copyright Corrections Act of 2000" which has a retroactive effective date of November 29, 1999. The article also examines "the strategies behind the future exercise of termination rights" including a look at "Bowie Bonds."

The second article entitled *Everything You Always Wanted to Know About Digital Performance Rights But Were Afraid to Ask* by Eric D. Leach answers those unasked questions. The article provides "a detailed examination of the history, content and potential application" of the Digi-

tal Performance Right in Sound Recordings Act [DPRSRA] of 1995. Section II of the article provides "the background information necessary to put the pertinent issues into perspective, including an investigation into the historical lack of a performance right in sound recordings, the lack of global protection for U.S. sound recording copyright owners, and the rapidly changing face of digital sound recording technology. Section III "attempt[s] to ascertain what Congress specifically intended to accomplish when it passed the DPRSRA by canvassing the legislative history." Section IV provides "an in-depth, section-by-section interpretation and analysis of the DPRSRA." Section V provides "a model by which digital audio transmissions may be analyzed under the current law, including examples analyzing some common types of digital audio transmissions."

The combined issues conclude with Legislative and Administrative Developments and the Bibliography.

As always your comments and suggestions are welcome: Ph: 718-990-6005. Fax: 718-990-6649. E-mail: jbeard@stjohns.edu.

Joseph J. Beard
Editor-in-Chief

LUNCHEON SPEECH TO COPYRIGHT SOCIETY

February 10, 2000
Silverado Resort – Napa Valley
Honorable Mary M. Schroeder, Judge
United States Court of Appeals for the Ninth Circuit

A WIDE-EYED GENERALIST CONFRONTS COPYRIGHT LAW

On behalf of the Ninth Circuit, I would like to welcome you to what is the hub or heartland of both the Ninth Circuit and the Pac 10 Athletic Conference, the Northern District of California.

Our Ninth Circuit headquarters is one of the great Beaux Arts public buildings of the country and one of a handful of San Francisco Buildings to survive the 1906 earthquake. Justice Douglas called it the most beautiful courthouse in America. It is now magnificently restored after the 1989 earthquake and set to survive any tremblor the twenty-first century may bring.

The Northern District of California is one of the most diverse, if not the most diverse, district in the nation. It boasts our nation's favorite city, San Francisco, one of the greatest wine growing districts of the world, and perhaps of more interest to all of you professionally, the cradle and symbol to the world of high tech, the Silicon Valley. Welcome.

Having welcomed you on behalf of the Court, I will now make my obligatory disclaimer that anything else I say here today is solely my own view. I do not speak for any other judges anywhere. I have a hunch, however, that my thoughts are shared by a number of federal judges throughout the country.

I chose as my title "A Wide-Eyed Generalist Confronts Copyright Law," because I knew I would be wide-eyed standing here gazing out at so many expert lawyers. I would like to illustrate my theme with a story that I swear is true. It is about a real trademark case, a real oral argument, real judges, and real lawyers. However, it may be embellished just a wee bit in the detail by, to quote W. S. Gilbert in the *Mikado*, a little "artistic verisimilitude."

I ask you to pretend you are in Courtroom Number One of our San Francisco Courthouse. Imagine its marble carvings, beautiful wooden bench and skylight overhead emblazoned with the Great Seal of the United States. It is a rather dismal day in March in 1985. The panel of judges includes myself, the junior judge on your right, Judge Hug who is presently Chief Judge of the Ninth Circuit on your left and Judge Goodwin, now a senior judge and formerly Chief Judge of the Circuit in the

middle. The calendar consists of approximately five cases. The first three are in the nature of routine bank robberies, kidnappings, drug busts or methamphetamine labs. The next case involves the attempt of a city to use its zoning ordinances to confine pornographic bookstores to the least desirable corner of town. During the argument in that case there are a few titters from the audience as the judges, with great dignity and refinement, of course, probe the lawyers on whether the books are really as dirty as the neighborhood.

At the conclusion of that argument, the presiding judge calls the last case. The lawyers stride toward the counsel tables. Appellee's counsel is hauling what must be the heaviest briefcase I have ever seen. When he reaches the counsel table he seeks the court's indulgence, while he unpacks his briefcase to display his exhibits, which he then proceeds to line up carefully along the front edge of the table. The audience gasps as they are revealed; a series of approximately ten bottles clearly designed to hold alcoholic beverages.

The case is a trademark infringement action by the company that manufactures a wine cooler known as California Cooler and who claims that another wine cooler company is infringing its trademark by manufacturing a product called California "Special" Wine Cooler. The bottles at the counsel table, it turns out, are lined up to demonstrate the similarity of the labels on the bottles by the two different manufacturers.

One of the arguments made by the defendant, the claimed infringer, is that it has a perfect right to use the words California Cooler in the name of its product because the phrase is simply descriptive of any drink made from California wine. According to California "Special" Wine Cooler, there was therefore nothing distinctive about the plaintiff's use of the name "California Cooler." It might just as well have been called "wine drink" from California.

Therefore, during the argument, the lawyer for the defendant strives to persuade the court that the word "cooler" now has come to mean some kind of fruit drink made of wine. The court is somewhat skeptical. Finally, Judge Goodwin leans down from his presiding position in the center of the bench and asks his critical question: "Counsel, have you ever heard of an Arizona cooler?" The lawyer turns to the court and blankly says, "No your honor, I haven't." Judge Goodwin presses his point. Counsel, "what do you *think* an Arizona cooler is?" The lawyer reflects and then responds; "Well, it must be some kind of fruit drink made with tequila." Judge Goodwin leans down again, looks counsel straight in the eye and says, "Counsel, an Arizona cooler is a burlap bag. You used to put it on car radiators to keep them from boiling over in the desert." The case for the defendant was at that point lost. The case, *California Cooler, Inc. v. Loretto Winery, Ltd.*, is reported at 774 F.2d 1451 (9th Cir. 1985).

I tell this story today because it illustrates the contrast between the perspective of the generalist judge and the lawyer practicing in a specialized field like intellectual property. The lawyer in this case was extremely able, and was very much focused on a particular vocabulary and the specialized law surrounding it. He had obviously spent a great deal of time preparing the case, steeping himself in the law of secondary trademark infringement. The judges, on the other hand, came to the case after a morning spent bouncing around from bank robberies to methamphetamine labs to dirty books. They just could not share the lawyer's focus.

This is an extremely common phenomenon, and one which specialized lawyers and generalized judges do not often enough appreciate. The judges and lawyers see the same case in different contexts. This may be particularly true in the intellectual property field, because the field is so rapidly changing, because the cases that come to the courts tend to be factually extremely interesting, and judges plunge right in. I illustrate with another of my favorite cases, a copyright infringement action by the successor to a copyright obtained by Yves St. Laurent, the famous house of fashion, against a little company that was making t-shirts with linear patterns on them reminiscent of the paintings of Mondrian. Some of you who are historians in fashion or just happen to have been alive in the 60's may remember that Yves St. Laurent made dresses with a linear design like Mondrian prints, and obtained a copyright for the pattern on the dresses. The question in this case was whether or not the t-shirt manufacturer using a similar but not identical pattern, was infringing the copyright. I recall our panel thinking we were very scholarly when we concluded that this could not have been an infringement. After all, the lines in the pattern were at least somewhat different from the lines in the Yves St. Laurent pattern, even though both were equally reminiscent of Mondrian. To counter the argument that the t-shirt design lacked any originality we ended our opinion with this ringing sentence: "If we were to accept the view that, as a matter of law the differences in the placement of geometric shapes should be regarded as trivial, we would be forced to conclude that Mondrian's creativity with geometric shapes ended with his first painting, and that he went on to paint the same painting a thousand times." *North Coast Industries v. Jason Maxwell, Inc.*, 972 F.2d 1031, 1035 (9th Cir. 1992).

We may have in fact proved only that we were not experts in either copyright law or art history. Someone told me a few years later that there is a substantial school of art criticism that believes that Mondrian really did paint the same painting a thousand times, but as judges we have to brush that off as beyond our expertise.

I think judges generally like intellectual property law because the cases not only involve interesting facts, but the lawyers bring in interesting

legal analogies. Let me illustrate with a few examples that happened to come before me at one time or another:

- One copyright infringement claim involved a book consisting of compiled teachings, believed by the parties to have come from divine spirits. The issue was whether that compilation was more like a telephone book, which is just an alphabetical list of names that lacks any human creativity, or more like the *Encyclopedia Britannica* which is a compilation of essays authored by experts. The case was *Urantia Foundation v. Maaherra*, 114 F.3d 955 (9th Cir. 1997). We held in effect it was more like the encyclopedia.
- Another case involved a public contest between high school teams playing, not football, but copyrighted academic games. The issue was whether the contest was a "performance" of the games within the meaning of the Copyright Act or whether the students were just playing a game. We said they were just playing the game. *Allen v. Academic Games League of America, Inc.* is reported at 89 F.3d 614 (9th Cir. 1996).
- In a trademark case, a newspaper had polled readers. It asked them to name the sexiest member of the musical group "New Kids on the Block." Is the poll fair comment on the New Kids or an exploitation of the "New Kids" trademark? We said it was fair comment, and we didn't think we had to know who any of the New Kids were in order to decide the case. *New Kids on the Block v. News America Publishing*, 971 F.2d 302 (9th Cir. 1991).
- Flea markets or swap meets, are big in the West. One case involved the owner of a swap meet, who leased booths to people who were selling, among other things, counterfeit recordings. Is the owner of the swap meet more like a landlord leasing premises to someone who happens to be secretly copying copyrighted material, or is the owner of the swap meet more like a dance hall proprietor whose premises are openly used by entertainers doing performances that infringe on copyrights? *Fonovisa, Inc. v. Cherry Auction, Inc.*, 76 F.3d 259 (1995). We said the swap meet proprietor was more like the dance hall proprietor.

Judges tend to like copyright cases. They sometimes even have fun with them. They are interesting. This is good news for you, for judges, like everyone else, tend to do a better job on work they like rather than on work they don't like. But there is a downside as well. The cases tend to be very hard. I think there are two reasons for that. The first is a bit ironic. It is that the statutory systems for intellectual property seem to work well. Thus, there are only two main types of IP cases that seem to get to our court. One is the case that raises new issues arising out of new statutory provisions or, more often in this circuit at least, because of the incessant demands of new technology on the framework of the existing law. The second main category of IP cases that get to us are the cases that some-

where along the way got botched by an incompetent attorney. In both categories, new issues and botched handling, the cases are difficult, and we may make bad law.

Some have suggested that we should create specialized courts, and turn all of the intellectual property cases, at least all of the appeals, over to one specialized national tribunal. I am not advocating that result. I don't think most judges want to give up the intellectual property cases, assuming that our preference is a relevant consideration. The patent cases went to the Federal Circuit shortly after I went on the Ninth Circuit, and my recollection at the time was that the judges were happy enough to see patent cases go. Ironically, my mentor, John Frank, not a patent lawyer, was one of the few voices among significant practitioners who opposed transferring patent cases to a specialized court. I recall he put together a remarkable paper, in which he described a random group of patent appeals that had been decided by a specialized court. All the patents were upheld. John's point was that in many of them originality seemed singularly lacking, even to a layman. I remember his taking a convoluted description of the patented object as it was described for patent purposes, brilliantly unraveling the description and concluding that the invention was in truth a paper bag.

My own practice before specialized courts tends to confirm John's view, shared I think by many generalist judges, that specialized courts tend to move at a slower pace, making the law more arcane and less accessible to those who lack their expertise. Such nationally specialized courts would lack a regional base and would not be nominated by popularly elected officials from any particular place. The real concern is that the judges on such courts would tend to become sympathetic to the positions of the particular special interests constantly before them. Historically, the proposals for a specialized patent court went back to the nineteenth century. The plan of the American Bar Association's patent section in 1900 would have called for a patent court to be appointed from existing circuit judges to sit for a term of six years. As quoted in Frankfurter and Landis' 1928 book, *The Business of the Supreme Court*, the Court proposed in the 1900 ABA report, a patent court composed of judges with general experience on the bench, would avoid the pratfalls of narrow specialization, thus securing "a court of judges and not of mere patent lawyers." That proposal died after a disastrous experience with another specialized court, the Commerce Court, that quickly became captive to the railroad interests and began reversing all the modern regulatory efforts of the Commerce Commission. Thus, again in Frankfurter and Landis' words, it "furnished apparent vindication of the foreboding prophecies of those who had bitterly contested its creation." The committee of the American Bar Association itself finally opposed any specialized patent court, and the idea for approximately fifty years remained dormant.

Yet the fact remains that most judges of generalized courts cannot qualify as experts in all the fields of law we must deal with, including intellectual property law. Our overall experience as judges does not provide us with much education on the subject. The truth is that while they are colorful we don't see very many IP cases.

We want to give your clients a fair result and, just as important, we want to keep the developing law consistent with sound principles of intellectual property law. Here are some suggestions on how you can help us do this.

First and foremost, do not assume that the audience reading your briefs is expert on the subject. Write your briefs and aim your argument at a reasonably intelligent, legally-educated person, who happens to know a lot more about procedure than substance.

Second, when you do use technical terms, please explain them. Remember that federal judges are relatively ancient beings, and only the infants among us grew up with computer programs or even with *Sesame Street*.

If you are the appellant or the moving party, don't ever willingly give up the chance for oral argument. Prepare for it carefully. In my experience many IP cases, in contrast to many other civil cases, involve one critical issue or intellectual concept that the judge must grasp, and upon which all else turns. Concentrate on that in the brief and argument. While it is never a very good idea to plan an argument around waiting for the judge's questions, that is a particularly bad idea in intellectual property cases. You are bound to know more about the facts and probably know more about the law and it is unlikely that the judges are going to ask any very helpful questions unless they are educated a bit. They probably haven't looked at the briefs since the night before and they probably began the day with a sentencing guideline case. Finally, I think it is especially important in intellectual property cases to make sure that the judges understand the potential ramifications of the decisions they are asked to make. Key cases decided in one context are going to be applied in totally different contexts to books, designs and inventions unimaginable today. Things are moving so fast that these new contexts are going to appear not in the next century or decade but next year or even next month. I have done a little travelling around the world, and I know that developing countries are looking more to our law in intellectual property than perhaps in any other field. So, as we conclude our luncheon in this very amiable place, let us make a common resolve to work together. Together, generalized judges and specialized lawyers can produce intellectual property law that will mellow, adapt and improve in quality over time, in the spirit of the fine product produced here in the Napa Valley. Thank you for your time and attention.

PART II

Copyright Society of the U.S.A.
24th Annual Meeting
June 13, 2000
Lake George, New York

"RECENT DEVELOPMENTS IN COPYRIGHT" SELECTED ANNOTATED CASES

by DAVID GOLDBERG, ROBERT W. CLARIDA AND THOMAS KJELLBERG

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These annotations cover cases since our report at the Annual Meeting of 1999 and reported through the issue of U.S.P.Q.2d of May 22, 2000 and through LEXIS's Circuit Court database in the COPYRT library through May 22, 2000.

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I. JURISDICTION AND PROCEDURAL ISSUES

A. Subject Matter Jurisdiction

Bassett v. Mashantucket Pequot Tribe, 204 F.3d 343 (2d Cir. 2000)

Second Circuit reversed District of Connecticut to hold that filmmaker's claim against Indian tribe "arose under" Copyright Act for purposes of 28 U.S.C. § 1338(a). Filmmaker entered into agreement with Tribe to produce film about Pequot War of 1636, to be shown at Tribe's museum. Agreement provided that filmmaker would develop script, subject to Tribe's approval, and would be hired to produce film upon approval of script. After script was submitted, Tribe terminated agreement and hired another producer to make film, using plaintiff's script. Plaintiff sued, and Tribe moved to dismiss for lack of subject matter jurisdiction. Applying *Schoenberg v. Shapolsky Publishers, Inc.*, 971 F.2d 926 (2d Cir. 1992), district court held that filmmaker's copyright claim was "merely incidental" to underlying contract dispute, thus federal court lacked subject matter jurisdiction. Second Circuit (Leval, J.) held that "merely incidental" test from *Schoenberg* was "vague," "unworkable" and inconsistent with standard articulated by Judge Friendly in *T.B. Harms Co. v. Eliscu*, 339 F.2d 823 (2d Cir. 1964), which *Schoenberg* ostensibly replaced. Under *Harms*, court does not attempt to determine underlying essence of plaintiff's claim but looks instead to four corners of complaint. If pleading "alleges a claim [requiring construction of the Act] or seeks a remedy provided by the Copyright Act, federal jurisdiction is properly invoked." Thus in plaintiff's case, because she alleged infringement and sought injunction against Tribe's use of film, claim "arose under" Copyright Act despite contractual dispute with Tribe.

Rebis v. Universal Cad Consultants, Inc., 189 F.3d 474 (9th Cir. 1999)

In case concerning infringement of software program Pro-PIPE by program Multi-Pipe, Ninth Circuit affirmed default judgment, including injunction against sale of software, and contempt judgment based on claim that defendant continued to sell software through new corporation under new name. Defendant moved to vacate default and contempt judgments and district court denied motions. On appeal, defendant argued that its software infringed unregistered rather than registered version of software

and that plaintiff accordingly could not maintain claim and court lacked subject matter jurisdiction. Court stated that defendant "confuses [plaintiff's] potential inability to prove its case on the merits with a lack of subject matter jurisdiction," and held that "complaint alleges that [plaintiff] has registered its copyright and that [defendant] has infringed on its copyright. No more is required." Court added that if plaintiff had not adequately pled infringement, claim would be subject to 12(b)(6) motion for failure to state claim rather than 12(b)(1) motion for lack of subject matter jurisdiction.

Armstrong v. Virgin Records, Ltd., 91 F. Supp.2d 628 (S.D.N.Y. 2000)

District court denied respective parties' motion for summary judgment on issue of subject matter jurisdiction with leave for renewal at close of discovery. Defendants, British musical group Massive Attack, recorded album "Blue Lines" in 1990. By 1993, "Unfinished Sympathy" track on Blue Lines album went gold. "Unfinished Sympathy" was subsequently included on motion picture soundtrack for *Sliver* starring Sharon Stone and featured in Adidas sneaker commercial. Both "Blue Lines" and "Sliver" soundtrack were released in United Kingdom and United States by defendant, Virgin. In 1998, plaintiff Armstrong, successful jazz musician, filed action claiming that "Unfinished Sympathy" contained infringing sample of Armstrong's 1975 composition "Planetary Citizen." Armstrong sought relief under U.S. and international copyright laws. Defendants argued that court lacked subject matter jurisdiction because alleged acts of infringement occurred outside of U.S. and no predicate acts occurred in U.S. Court agreed, but also concluded that insofar as plaintiff could show that defendants were either contributorily or vicariously liable for acts of infringement occurring in United States, court had subject matter jurisdiction over copyright claims. Furthermore, court surmised that it could exercise pendant jurisdiction over claims arising out of foreign law since court had subject matter jurisdiction over U.S. copyright claims.

Morris v. Business Concepts, Inc., 54 U.S.P.Q.2d 1561 (S.D.N.Y. 2000)

Where plaintiff failed to obtain individual copyright registrations for monthly magazine columns, court granted summary judgment to defendant on grounds that court lacked subject matter jurisdiction over copyright claims. Plaintiff columnist licensed publication rights to Conde Nast, publisher of *Allure* magazine, which registered copyright in each monthly issue of magazine as collective work without listing contents of issues. Plaintiff did not register her own copyright in articles. Defendant published quarterly newsletter and allegedly copied and published twenty-four of plaintiff's articles over four-year period. In response to defendant's motion for summary judgment on jurisdiction grounds, plaintiff argued that

she possessed valid registrations in articles by virtue of publisher's registrations of monthly magazines. Court rejected argument, stating that "protection afforded compilations is distinct from that afforded to the discrete works that comprise the compilation" and distinguishing cases cited by plaintiff on grounds that they were decided under 1909 Copyright Act. Cited cases held that publishers' copyrights in magazines provided authors with implicit copyright in individual works "because holding otherwise would have forced a 'harsh forfeiture' upon the authors" under 1909 Act, which required registration as prerequisite for copyright protection. Under 1976 Act, copyright vests automatically in author upon fixation of work in tangible medium of expression, but owner must still register copyright in work to have standing to sue. Accordingly, although defendant's conduct was "abject and reprehensible" court lacked jurisdiction over copyright claims and summary judgment was granted.

Pina v. Sony Discos, Inc., 51 U.S.P.Q.2d 1314 (S.D.N.Y. 1999)

Plaintiff, musical group, assigned its copyright in musical recordings to its recording company, J&N, in exchange for royalties. J&N contracted with defendant Sony to distribute plaintiff's recordings. Plaintiff and J&N disputed whether recording agreement terminated and plaintiff sued J&N in state court for breach of contract. Plaintiff sued defendant in federal court for copyright infringement. Pursuant to *Schoenberg v. Shapolsky Publishers, Inc.*, 971 F.2d 926 (2d Cir. 1992), Second Circuit established three-part test for determining whether dispute of copyright license arises under Act. Under *Schoenberg*, court must first determine whether infringement claim is incidental to plaintiff's effort to seek determination of ownership or contractual right in underlying copyright. Here, court found copyright claim incidental to resolution of underlying contract dispute between plaintiff and J&N. Plaintiff was essentially seeking declaration of rights pursuant to contract with J&N. Court dismissed infringement claim, finding that primary issue was resolution of contract, not copyright infringement. [*Schoenberg* no longer followed. *See Bassett*, p.18]

Shaw v. Rizzoli Int'l Publ'ns, 51 U.S.P.Q.2d 1097 (S.D.N.Y. 1999)

Court granted summary judgment in favor of defendant in action involving claim that defendant's books infringed plaintiffs' copyrights in photographs and memorabilia depicting or related to Marilyn Monroe. Where books were compiled, printed and distributed in Italy, and where there was, therefore, no predicate act in United States, court, following *Update Art, Inc. v. Modiin Publ'g, Ltd.*, 843 F.2d 67 (2d Cir. 1988), ruled it did not have subject matter jurisdiction. Moreover, since plaintiff was non-exclusive licensee, it had no standing under 17 U.S.C. § 501(b), which grants right to sue only to legal or beneficial owner of "exclusive right."

Williams v. Columbia Broad. Sys., 57 F. Supp.2d 961 (C.D. Cal. 1999)

Plaintiff, owner of "Mr. Bill" character, brought suit against defendant alleging that broadcast of clay figure in "spirit message" during Army/Navy Game, created by Army troops, infringed copyright in Mr. Bill. "Spirit messages" were reviewed by Public Affairs Offices of Naval Academy and Military Academy, and then forwarded to defendant, who selected messages to broadcast. Defendant moved to dismiss action for lack of subject matter jurisdiction, alleging that jurisdiction was vested exclusively with United States Court of Federal Claims pursuant to 28 U.S.C. § 1498(b) because defendant was acting "with authorization or consent of the Government." Alternatively, defendant moved for summary judgment based upon same statute. Court noted split in authority on whether § 1498 grants exclusive subject matter jurisdiction or is only affirmative defense. Court held statute acts as affirmative defense when defendant is private party and, therefore, dismissal for lack of subject matter jurisdiction inappropriate. Likewise, court found that it must make factual determination as to whether defendant was acting "with authorization or consent of Government." Court held as matter of law that defendant had not shown that it was acting "with authorization or consent of Government" because agreement between defendant and military academies did not obligate defendant to broadcast "spirit messages" and, finally, even if court did find that defendant was obligated to broadcast "spirit messages," genuine issue of material fact exists regarding whether clay figure spirit message was authorized by Army. Court denied defendant's motion for summary judgment as well as motion to dismiss for lack of subject matter jurisdiction.

Dead Kennedys v. Biafra, 37 F. Supp.2d 1151 (N.D. Cal. 1999)

Dispute among former members of band "Dead Kennedys" over income from recordings and exploitation of record-label catalog was removed to federal court on grounds that state law claims, including conversion, self-dealing, and breach of oral contract, arose under Copyright Act. Plaintiffs moved to remand on grounds that federal court lacked subject matter jurisdiction and court granted motion. Band was general partnership that formed own record label in 1979 to exploit recordings. In 1986, band transferred ownership of label to defendant Biafra individually. In 1998, band, without Biafra, voted to terminate label's right to administer and exploit catalog of recordings. Biafra subsequently paid royalties into trust account, but refused to release money without either his own approval or court order. Where no diversity existed for purposes of federal jurisdiction, court ordered remand on principles that (1) "Co-owners of a copyright, and their licensees, cannot be liable to one another for infringement as a matter of law"; (2) "An action for an accounting or determination of

ownership as between alleged co-owners is founded in state law"; and (3) "These rules apply whether co-ownership arises from joint authorship or co-ownership of rights through a partnership." Here, Biafra was co-owner of all works in dispute by virtue of authorship efforts or participation in partnership; plaintiffs' claims concerned "resolution of parties' respective rights and duties" and rights to royalties rather than rights in works themselves. In addition, copyright claims raised by Biafra as affirmative defense would not be considered in determining existence of federal subject matter jurisdiction.

National Football League v. TVRadioNow Corp., 53 U.S.P.Q.2d 1831 (W.D. Pa. 2000)

Court held that it had subject matter jurisdiction over plaintiffs' claim that defendants, operators of "iCraveTV" website, infringed their copyrights by capturing U.S. television programming, including football and basketball games and other programs, converting television signals to computerized data and streaming them over Internet from website in Canada. Internet users could access Canadian website by entering any three-digit Canadian area code. Court found that defendants had publicly performed plaintiffs' copyrighted programs in U.S., since U.S. residents had in fact received defendants' streaming, and granted preliminary injunction.

Gerig v. Krause Publ'ns, Inc., 58 F. Supp.2d 1261 (D. Kan. 1999)

Photographer sued for breach of contract and copyright infringement over use in book of seventy images which were originally commissioned for use in magazine. Works were not registered at time claim filed and parties stipulated to dismissal without prejudice. Plaintiff's counsel did not file stipulation with court, however, and court later granted defendant's motion to dismiss for lack of subject matter jurisdiction. Subsequently, court set aside dismissal order and allowed plaintiff to file amended complaint after obtaining requisite copyright registrations. On defendant's motion to dismiss, court held subject matter jurisdiction over copyright claim in amended complaint related to first filing date and was proper, because court had diversity jurisdiction from first filing date on basis of breach of contract claims. Furthermore, since plaintiff filed amended complaint rather than new action after obtaining registrations, declaratory judgment claim filed by defendant in interim in different district was not "first filed" action and did not take precedence. Court also held that plaintiff's claims arose under copyright and were not mere contract claims posing as infringement claims because photos at issue were published after parties' contract expired. Parties' agreement required plaintiff's consent for use of images beyond their publication in magazine. "Once an assignment or li-

cense has expired, 'the copyright proprietor may hold his former grantee liable as an infringer for subsequent use of the work.'"

Durgom v. Janowiak, 87 Cal. Rptr.2d 619 (Cal. Ct. App. 1999)

Pursuant to assignment of royalties, plaintiff alleged that defendant owed royalties from song "Nature Boy." Defendant claimed that beginning of renewal term had revested copyright in author and cut off plaintiff's alleged right to receive royalties, and that issue of renewal rights invoked exclusive federal copyright jurisdiction. Trial court agreed with defendant and dismissed case. Appellate court reversed, noting that "state . . . courts have jurisdiction in contract actions for nonpayment of royalties arising out of exploitation of copyrighted works." Here, court held that plaintiff's action for royalties asserted "purely state law claims" and that effect of renewal term on plaintiff's rights would arise only as defense. Thus, claim did not "arise under" Copyright Act because jurisdiction cannot be based solely on federal defense. If brought in federal court, claim would be dismissed for lack of subject matter jurisdiction, thereby leaving plaintiff with no forum. Court also noted that plaintiff's claim was not preempted because right to receive royalties pursuant to contract is not equivalent to any exclusive right granted by Copyright Act. Appellate court remanded case to trial court for further proceedings.

B. Personal Jurisdiction and Venue

Fort Knox Music, Inc. v. Baptiste, 203 F.3d 193 (2d Cir. 2000)

District court held defendant's claim to sole authorship of song "Sea of Love" was time-barred, and also rejected defendant's personal jurisdiction challenge. In district court, defendant argued lack of personal jurisdiction because all relevant events and persons, except plaintiffs, were located in Louisiana. Jurisdiction may be exercised under New York's long-arm statute over non-domiciliary who "in person or through an agent . . . transacts any business within the state or contracts anywhere to supply goods or services in the state." Even if long-arm jurisdiction is permissible, court also must assess if such exercise comports with "minimum contacts" due process by analyzing reasonableness of relationship between defendant, forum, and litigation. However, absent district court's explanation for rejecting defendant's personal jurisdiction challenge, Second Circuit could not meaningfully review, and remanded to district court to supplement record regarding basis for rejecting personal jurisdiction challenge.

Mink v. AAAA Dev., LLC, 190 F.3d 333 (5th Cir. 1999)

Appeals court upheld dismissal of complaint for lack of personal jurisdiction over defendant who operated website without other contacts with fo-

rum state. Plaintiff sued Vermont residents in Southern District of Texas, alleging violation of copyright and patent rights. District court dismissed, and denied plaintiff's motion for reconsideration, which asserted defendant's website could fulfill minimum contacts requirement. Fifth Circuit adopted *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119 (W.D. Pa. 1997), under which Internet use falls into three categories for personal jurisdiction purposes, according to nature and quality of commercial activity. Where defendant clearly does business over Internet, by entering into contracts with residents of other states involving knowing and repeated transmission of computer files, personal jurisdiction is proper. Personal jurisdiction is clearly inappropriate at opposite end of spectrum, where defendant operates passive website which merely advertises on Internet. For middle of spectrum, where defendant has website that allows user to exchange info with host, level of interactivity and commerciality of information exchange determine propriety of exercise of jurisdiction. Appellate court found that defendant's website, which offered email access, printable order form, and toll-free phone number, but did not allow users to order or purchase products or services on-line, was passive advertisement and thus not grounds for exercise of personal jurisdiction.

R C Entm't, Inc. v. Rodriguez, 52 U.S.P.Q.2d 1958 (S.D.N.Y. 1999)

In action for declaratory judgment as to ownership of copyrights, defendant defaulted. On defendant's motion to set aside default and to dismiss for lack of venue, court finds venue in Southern District proper. Venue lies where defendant may be found, which is equivalent to where he is subject to personal jurisdiction. Defendant is subject to personal jurisdiction because he transacted business in New York even though he resides in Puerto Rico. Defendant contacted New York City ASCAP office seeking publishing royalties at issue and entered into songwriting employment agreement at issue in New York City.

Coastal Video Communications, Corp. v. The Staywell Corp., 59 F. Supp.2d 562 (E.D. Va. 1999)

Defendant Delaware corporation, with its principal place of business in California, sent plaintiff, Virginia corporation, cease and desist letter claiming that plaintiff's handbook "Defending Your Safety Zone: Back Protection" was infringing defendant's copyright in "Safety Zone: Using Natural Limits to Protect Your Back." Plaintiff filed declaratory judgment action in Virginia seeking declaration of non-infringement. Defendant moved to dismiss for lack of personal jurisdiction. Plaintiff alleged court had specific jurisdiction over defendant because it sold its "Safety Zone" publication in Virginia, thus "transacting business" in Virginia in satisfaction of Virginia long-arm statute. Court disagreed, finding that jurisdic-

tion is not based upon where defendant may have sold product because declaratory judgment action did not "arise from" sale of defendant's publication, but rather arose from existence of defendant's "Safety Zone" copyright, separate issue. Plaintiff also claimed general jurisdiction over defendant alleging that defendant "regularly and systematically" did business in Virginia because it had interactive website available to Virginia residents, sold and distributed products in Virginia, and solicited business in Virginia. Court did not find record sufficiently developed to satisfy "minimum contacts" standard for general jurisdiction because no evidence of amount and percentage of defendant's business came from Virginia and no evidence that Virginia residents actually conducted business, and quantity thereof, over website. Court, however, granted plaintiff's motion for limited discovery on issue of general jurisdiction, and deferred decision on defendant's motion to dismiss pending outcome of limited discovery.

Eagle Computer Assocs. v. Chesapeake Software Servs., Inc., 53 U.S.P.Q.2d 1050 (E.D. Pa. 1999)

Court granted defendant's motion to dismiss for lack of personal jurisdiction. Plaintiff, Pennsylvania manufacturer of software which made it possible for mainframe computers to operate like personal computers, brought infringement action against Virginia software manufacturer. Named as defendant was North Carolina resident and Chesapeake Software employee, Stuart Mason. Mason sought dismissal because of insufficient contacts between him and Pennsylvania to permit exercise of jurisdiction. Court turned to Pennsylvania long-arm statute, which allowed personal jurisdiction over non-residents if due process was not violated. Maintaining that personal jurisdiction could either be "specific," insofar as defendant's forum-related actions were such that he "should reasonably anticipate being hauled into court there," or "general," namely that defendant's non-forum-related activities had "maintained continuous and systematic contacts with the forum," court held plaintiff had not met burden of proving court had either form of jurisdiction over defendant. Court analyzed issue under both traditional minimum contacts test and "effects" test, wherein plaintiff must "point to contacts which demonstrate that the defendant expressly aimed its tortious conduct at the forum." Court noted that Mason had never resided or owned property in Pennsylvania and, although employed by plaintiff for two years, worked from his out-of-state residences during that period. Nor had Mason visited forum state or conducted or solicited business there. Court granted defendant's motion to dismiss.

Sipa Press, Inc. v. Star-Telegram Operating, Ltd., 694 N.Y.S.2d 850 (Sup. Ct. N.Y. County 1999)

Plaintiff brought action in state court seeking indemnification and contribution, claiming breach of warranty, fraud, breach of contract, breach of covenant of good faith, and breach of fiduciary duties. Defendant's motion to dismiss on grounds of lack of personal jurisdiction and *forum non conveniens* denied. Defendant, Texas corporation, provided plaintiff, New York corporation, with sixteen photographs of victim killed by eighteen-year-old Air Force cadets David Graham and Diane Zamora. Plaintiff is syndicator, which sold almost all photographs to major print and television media. Plaintiff was subsequently sued in Texas district court by third party, Texas Hot Looks, Inc., which claimed copyright ownership in photographs. Plaintiff, in turn, brought action in New York State court seeking indemnification and contribution from defendant. Defendant moved to dismiss on grounds of lack of personal jurisdiction and *forum non conveniens*. Court held that long-arm statute allowed New York court to exercise personal jurisdiction over defendant because (1) by sending photographs and inducing plaintiff to put infringement into effect in New York, defendant could be found by jury to have committed fraud upon plaintiff in New York, and (2) defendant's repeated employment of plaintiff to syndicate photographs makes assertion of jurisdiction reasonable. On issue of *forum non conveniens*, court concluded that New York was convenient forum because most of plaintiff's records and material witnesses were in New York. Conversely, defendant had only two to three material witnesses outside of New York and would not be inconvenienced by trial in New York.

C. Pleadings

Richard Feiner & Co. v. Larry Harmon Pictures Corp., 38 F. Supp.2d 276 (S.D.N.Y. 1999)

Court held that copyright owner's failure to specify which work was infringed was not fatal to copyright claim. Plaintiff owned copyright in numerous comedy films starring Laurel & Hardy, and sued owner of comedy team's "right of publicity" for unauthorized sale of still photographs taken from films. Defendant moved to dismiss, or for more definite statement, because plaintiff's complaint did not specify which photos infringed which films. Court denied motion, stating that "further specificity at this stage of the litigation is not required," particularly where "one does not sense that [defendant] actually lacks notice of what [plaintiff's] claim is."

Berns v. EMI Music Publ'g, Inc., Copyr. L. Rep. ¶ 28,016 (S.D.N.Y. 1999)

Court denied plaintiffs' motion to file second amended complaint three and one-half years after action commenced. Plaintiffs, family of composer Bert Berns, claimed defendant breached agreement to pay foreign royalties for songs written by Berns, including "Twist and Shout" and "Hang on Sloopy." First amended complaint alleged that agreement was "receipts agreement," under which foreign royalties are based upon income received from foreign publisher by U.S. publisher. In second amended complaint, plaintiffs sought to allege that agreement was "at source" agreement, under which U.S. publisher required to pay royalties based upon income received by foreign publisher, resulting in higher royalties. Leave to amend held "clearly inappropriate when Plaintiffs have had an ample opportunity to allege an obvious claim sooner" and plaintiffs had no reasonable excuse for delay.

D. Conflicts of Law

Shaw v. Rizzoli Int'l Publ'ns, 51 U.S.P.Q.2d 1097 (S.D.N.Y. 1999)

Court granted summary judgment in favor of defendant in action involving claim that defendant's books infringed plaintiffs' copyrights in photographs and memorabilia depicting or related to Marilyn Monroe because allegedly infringed works were in public domain. Where books were compiled and printed in Italy, but distributed in United States, United States law applied to copyright claims. Under *Itar-Tass Russian News Agency v. Russian Kurier, Inc.*, 153 F.3d 82 (2d Cir. 1998), U.S. had "most significant" relationship to allegedly infringed materials because plaintiffs' copyrights were obtained under U.S. law, most plaintiffs were either citizens or residents of U.S., and almost half of materials were first published in U.S. All photographs were first published prior to 1964 and no renewals were obtained.

Edmark Indus. SDN. BHD. v. South Asia Int'l (H.K.), Ltd., 89 F. Supp.2d 840 (E.D. Tex. 2000)

District court determined that either United States law or Malaysian law could apply in determining validity of copyright. Plaintiff, manufacturer of vegetable slicer, authored user brochures for distribution with product. Plaintiff received U.S. copyright registrations for brochures in 1996. Defendant importer distributed counterfeit slicers along with counterfeit copies of plaintiff's brochures. In suit alleging infringement of brochures, defendant argued that Plaintiff could not rely on United States copyright law because brochures were created in Malaysia. Plaintiff argued district court had subject matter jurisdiction because infringing acts took place in

United States. Court concluded that although plaintiff could apply Malaysian law to establish validity of copyright under Berne Convention, it was not necessary since plaintiff had valid copyright registrations in United States.

E. Standing

Seeburg Corp. v. AMR Publ'g, 80 F. Supp.2d 723 (W.D. Mich. 1999)

Court granted defendant's motion for summary judgment because plaintiff could not demonstrate ownership of copyright. Plaintiff, marketer of jukeboxes, filed complaint alleging that defendant, distributor of jukebox operating manuals, infringed copyright in manuals. Plaintiff corporation claimed to be successor to original Seeburg, which manufactured famed "Seeburg Jukeboxes," through transfer to sole proprietor, Thomas Douglas. Douglas subsequently transferred Seeburg to plaintiff corporation. Plaintiff argued that it was owner of copyright in manuals because it was successor of original Seeburg. Court held that plaintiff had no standing to bring copyright action because it offered no support for theory that corporation could be successor of sole proprietorship and could show no valid transfer of rights.

F. Miscellaneous

Sun Microsystems, Inc. v. Microsoft Corp., 188 F.3d 1115 (9th Cir. 1999)

Ninth Circuit vacated preliminary injunction because district court prematurely applied presumption of irreparable harm when enjoining Microsoft's alleged violations of license to use Sun Microsystems' "Java" programming language. After finding that Sun was likely to succeed in showing that license was violated, district court followed *Cadence Design Sys. v. Avant! Corp.*, 125 F.3d 824 (9th Cir. 1997) and presumed irreparable harm to copyright holder. Ninth Circuit held that presumption was unwarranted because district court made no finding as to whether license terms at issue were limitations of scope of license or merely affirmative covenants. In latter case, violation of license terms would be contract breach, not copyright infringement, and presumption would not apply because it was not copyright case. Noting that "intersection of copyright and contract law" is "not yet well developed," court followed *Video Trip Corp. v. Lightning Video, Inc.*, 866 F.2d 50 (2d Cir. 1989) to hold that "preliminary contractual issues . . . must be resolved before the copyright presumption of irreparable harm applies." Because nature of contested license terms was unclear and district court made no finding, Ninth Circuit vacated injunction and remanded for further proceedings.

Phillips Beverage Co. v. Belvedere, S.A., 204 F.3d 805 (8th Cir. 2000)

Eighth Circuit affirmed district court's injunction ordering defendant to withdraw application for Customs Service order detaining importation of bottles alleged to infringe defendant's copyright because federal district court earlier denied same relief. Defendant initially sought temporary restraining order against imports by foreign distillery for alleged infringement of defendant's vodka bottle design. After district court denied motion, defendant recorded copyright and applied for Customs Service order detaining importation of distillery's vodka bottles. Upon initial finding of copyright infringement, Customs Service detained shipment under its authority to detain imported articles believed to infringe recorded copyrighted work. Plaintiff distillery moved in district court for injunction ordering defendant to withdraw Customs Service application. Asserting jurisdiction, district court ordered defendant to withdraw application and enjoined defendant from taking any actions in support of application. Defendant appealed, claiming district court intruded upon Customs Service's authority. Eighth Circuit held district court acted properly under All Writs Act to issue "all writs necessary or appropriate in aid of [its] . . . jurisdiction." Concluding defendant initially invoked district court's jurisdiction by motion for temporary restraining order, court maintained defendant could not later "make an end run around the district court's refusal to grant the interim relief [defendant] sought in a case over which the district court continued to have jurisdiction by . . . asking Customs to do what the district court would not." Court also affirmed assessment of civil contempt sanctions for defendant's failure to comply with injunction.

Paisley Park Enters., Inc. v. Uptown Prods., 54 F. Supp.2d 347 (S.D.N.Y 1999)

District court ordered Prince Rogers Nelson or "Artist Formerly Known as Prince" to appear for videotaped deposition. In infringement case, Artist resisted videotaped deposition, arguing that defendant's only motivation for videotape was to generate content for defendant's magazine and website. Court concluded that defendant had legitimate litigation purpose for videotaping. However, court placed restrictions on defendant by (1) requiring that both parties select videographer jointly; (2) prohibiting copies of videotape; and (3) requiring custodian to take immediate custody of all videotapes at end of deposition.

BMG Music v. Vanxy, Inc., 51 U.S.P.Q.2d 1859 (S.D.N.Y. 1999)

Court denied motion by producer of music group to dismiss music distributor BMG's copyright infringement claim for failure to join bankrupt company as indispensable party in case involving copyrights to recordings by

pop group "Menudo." In 1983, BMG's predecessor, RCA Records, entered into agreement with Padosa America, Inc., corporation which owned rights to "Menudo" recordings, under which RCA granted advance in exchange for exclusive right to recordings. Padosa was solely owned by defendant Diaz. In 1987, Padosa sold all of its rights to third party (which subsequently assigned rights to defendant Vanxy, Inc.) and, in 1988, Padosa filed for bankruptcy. BMG sued for infringement, claiming that Vanxy improperly licensed rights in recordings to third party. Diaz moved for dismissal of claims, asserting that Padosa was indispensable party because it was party in interest to contracts at issue. Court held that assignor of copyrights is not indispensable party where suit is brought by assignee. Court noted that Padosa was bankrupt, that it had no assets to cover judgments against it and that, in any case, its interests were adequately represented by Diaz, its sole shareholder and president.

In re Aarismaa, 233 B.R. 233 (N.D.N.Y. 1999)

District court adopted report and recommendations of bankruptcy court, which concluded bankruptcy court had subject matter jurisdiction to hear debtor's copyright infringement claim against third party on ground that claim was sufficiently "related to" bankruptcy estate and administration. Debtor, artist filing voluntary petition under Chapter 13 of Bankruptcy Act, filed adversary proceedings alleging copyright infringement and other claims against third parties. Without identifying specific nature of infringement claim, court concluded that outcome of adversary proceedings could have direct impact on bankruptcy case if debtor was successful in recovering monies. Even though copyright infringement claims are not "core" proceedings arising under Bankruptcy Code, relatedness of claim to estate rendered bankruptcy court with subject matter jurisdiction. Despite these findings, adversary proceedings were dismissed on other grounds.

Luxury Int'l, Inc. v. United States, 90 F. Supp.2d 1294 (Ct. Int'l Trade 2000)

Court held that co-defendant licensee and licensor of Tetris video games were entitled to seek relief in Customs Service proceedings even though neither was party that originally recorded game copyrights for import protection. Plaintiff brought action in court challenging continuing detention of its allegedly infringing video games. Nintendo earlier recorded Tetris video games copyright in capacity as licensee. However, second licensee and licensor sought protection for copyright in Customs Service proceeding. Plaintiff asserted only Nintendo was entitled to pursue action. Court held regulations requiring claimant be "copyright owner" were satisfied by licensee and licensor because they held exclusive rights in copyright.

Court held regulations' purpose was to provide notice to all with interest in copyright, not to distinguish between owner who records copyright and owner who protects copyright. Court upheld Customs Service finding of infringement and ordered seizure of plaintiff's games.

T & L Computer Sys., Inc. v. Stanford, Copyr. L. Rep ¶ 28,031 (N.D. Tex. 2000).

Clarks designed computer software system for child care programs. In 1993, Clarks transferred their interest in system to T & L Computer Systems which later copyrighted system aspects. T & L asserted that in 1992 or 1993 Stanfords, as officers of Care Network, became licensees of T & L system. Stanfords brought suit in Texas state court for breach of oral partnership agreement between Stanfords and Clarks and breach of Clarks' fiduciary duties because of transfer of computer system to T & L. Shortly after, T & L brought action in federal court alleging, among other causes, copyright and trademark infringement caused by Stanfords' alleged improper use of computer system for own personal gain. Stanfords brought motions for abstention and dismissal of T & L's federal court action. Observing rule that "pendency of an action in the state court is no bar to proceedings concerning the same matter in the federal court having jurisdiction," court weighed abstention factors. Among these, court noted that substantial discovery had taken place in state court while none had occurred in federal court and that this factor weighed for abstention. But court held existence of federal law issue and Copyright Act's preemption of equivalent state law claims were decisive factors against abstention. Concluding T & L sufficiently established federal court's jurisdiction over federal trademark and copyright claims, court denied Stanfords' motion to dismiss.

II. COPYRIGHTABILITY

A. Compilations

Cantor v. NYP Holdings, Inc., 51 F. Supp.2d 309 (S.D.N.Y. 1999)

Summary judgment granted for defendant *New York Post* in case involving selection and arrangement of high school yearbook photos of famous New Yorkers. Plaintiff culled photos and information from yearbooks and published book *The Graduates: They Came Out of New York Public Schools*. *Post*, which admitted access to book, later published article *The Graduates: How Celebs Looked in Their City HS Yearbooks*. Sixteen photos and fifteen captions from book appeared in article. Parties agreed that book was "compilation of pre-existing facts" and court noted that "idea to gather and compile the yearbook photos of celebrities is not copyrightable." Here, plaintiff held only thin copyright in selection and ar-

rangement, which was not infringed by *Post* article. Even though plaintiff had rearranged or edited some original yearbook captions and *Post* copied some of plaintiff's captions verbatim, court cited *Matthew Bender & Co., Inc. v. West Publ'g Co.*, 158 F.3d 693 (2d Cir. 1998), to hold that plaintiff's contributions were "routine and obvious" and "included all the information from the original yearbook captions which made sense."

B. Pictorial, Graphic and Sculptural Works

Ale House Mgmt., Inc. v. Raleigh Ale House, Inc., 205 F.3d 137 (4th Cir. 2000)

Plaintiff sought injunction preventing defendant from opening similar restaurant facility, alleging defendant's floor plans infringed plaintiff's copyright in its floor plans. District court granted defendant's motion for summary judgment and awarded defendant attorneys' fees under Copyright Act. Fourth Circuit affirmed, holding that plaintiff failed to establish prima facie case of infringement because plaintiff sought copyright protection not for particular floor plan, but for concept of "using an island or peninsula-shaped bar to bisect seating area which has booths on one side and stool seating on the other." Since copyright protects expressions of ideas, not ideas themselves, no protectable copyright had been alleged.

Codespoti & Assocs. v. Bartlett, 51 F. Supp.2d 125 (D. Conn. 1999)

Court awarded prejudgment monetary remedy for infringement, finding illustrative site plan for housing project entitled to copyright protection. In response to Request for Proposal ("RFP"), builder submitted proposal which included site plan developed by plaintiffs. Town awarded project to another party, who sold development rights to defendants. Town, however, "informally expressed satisfaction" with plaintiffs' plan, and defendants without notice to or permission from plaintiffs consulted and used plaintiffs' plan in preparing their own, instructing architect to follow plaintiffs' design closely and duplicate its "feel." Court upheld claim that copyright protection extended to drawings, noting that RFP had not imposed inherent similarity on plaintiffs' and other proposals received by town, which differed in number and layout of units, roads and driveways. Furthermore, submitting plans to town did not put plans in public domain and deprive them of protection.

C. Originality of Ownership

Medallic Art Co. v. Washington Mint, LLC, Copyr. L. Rep. ¶ 28,048 (2d Cir. 2000)

Second Circuit affirmed district court order enjoining defendants from copying reproductions of U.S. Treasury notes, but vacated order insofar as

it enjoined reproduction of Platinum Eagle Coin. Defendant hired plaintiff to manufacture note and coin replicas. Defendant selected notes and coins to replicate and had final approval of finished products, but made only minimal design suggestions to plaintiff. When defendant elected not to renew its contract, it sent samples of replicas to other manufacturers, who used samples to create molds and produced duplicate replicas for sale by defendant. Plaintiff sued, alleging duplication of products violated its copyrights. District court found plaintiff owned valid and exclusive copyright in works, and enjoined defendant from copying those works. Sole substantive issue on appeal was whether products were sufficiently original to qualify for copyright protection. Panel held district court finding of sufficient originality not clearly erroneous with respect to Treasury note replicas. Despite conceded goal of replicating notes as accurately as possible, translation of two-dimensional paper notes into three-dimensional silver forms required choices in translating color contrasts into new medium, representing intricate background detail of notes, whether certain features should be dull or polished, and whether certain features should be engraved or in bas relief. Plaintiff's contributions thus were not merely such trivial variations as might occur in translation to different medium; accordingly, Treasury note replicas involved requisite minimal level of creativity to entitle them to copyright protection as derivative works. With respect to coin replica, however, finding of sufficient originality was clearly erroneous. Replica, other than being larger in size, was "almost identical" to original. Panel found differences between two — *e.g.*, depiction of Statue of Liberty with entire head in dull silver rather than with only face dulled; depiction of eagle and sun in dull rather than polished silver; and changes to text that appeared on original — to be trivial, and insufficient to avoid entangling subsequent artists depicting underlying work in copyright problems.

CDN, Inc. v. Kapes, 197 F.3d 1256 (9th Cir. 1999)

Appeals court affirmed district court holding that prices listed in wholesale coin price guide contained sufficient originality to merit copyright protection. Plaintiff published widely-used newsletter reporting wholesale prices for collectible U.S. coins. Defendant utilized plaintiff's wholesale price lists in generating listing of retail coin prices, which defendant posted on web page. Parties agreed to waive trial in lieu of motions for summary judgment, under stipulation which provided that dispositive issue was whether plaintiff's listed prices comprised copyrightable subject matter under 17 U.S.C. § 102. District court held prices to be original creations, not uncopyrightable facts, finding prices easily met "extremely low" originality threshold of *Feist v. Rural Tel. Serv. Co.*, 499 U.S. 340 (1991). Appeals court panel agreed, noting plaintiff's prices were not mere listings of

prices actually paid, but were plaintiff's best estimates of fair value of coins. Prices are not discoverable facts, but are wholly product of plaintiff's creativity. While considerable time and effort expended in arriving at estimates was wholly irrelevant to copyrightability of end product, in light of *Feist*'s rejection of "sweat of the brow" theory of copyright, process satisfied "minimal degree of creativity" demanded by Constitution for copyright protection.

Vickery Design, Inc. v. Aspen Bay Co., Copyr. L. Rep. ¶ 27,912 (10th Cir. 1999)

Affirming dismissal of copyright infringement action, Tenth Circuit held that plaintiff's candle in shape of miniature ear of corn created to reflect way it occurs in nature cannot be claimed as original work, but unique expression of actual corn candle can be protected. Circuit court upheld district court conclusions that plaintiff's copyrighted candle was substantially similar to defendant's miniature corn candles in shape, taper, color and weight, but those features pre-existed in nature and occurred from commonality of subject matter. Both were produced from real ears of corn, but actual artistic expressions of ears were different. Plaintiff's candle had straight rows of kernels, while defendant's had twisted shape. Thus, court found that plaintiff failed to prove copyright infringement.

Yurman Design, Inc. v. Paj, Inc., Copyr. L. Rep. ¶ 28,966 (S.D.N.Y. 2000)

Plaintiff sued defendant for infringement based on defendant's alleged intentional copying of plaintiff's copyrighted jewelry pieces. Jury returned verdict in plaintiff's favor, finding defendant willfully copied several of plaintiff's jewelry designs and awarding $275,000 in statutory damages. Defendant moved for new trial and for judgment as matter of law on certain of plaintiff's claims, asserting improper registration and lack of originality. Court denied defendant's motion, holding that, despite defendant's claims to contrary, plaintiff's work was sufficiently original. Court rejected defendant's claim that plaintiff's designs were merely derivative works made up of basic elements commonly used throughout jewelry industry, noting that logical extension of such argument would dictate that "every song is merely a collection of basic notes . . . every novel merely an unprotected jumble of words."

Lindsay v. R.M.S. Titanic, 52 U.S.P.Q.2d 1609 (S.D.N.Y. 1999)

Court denied defendants' motion to dismiss plaintiff's copyright claims. Plaintiff, independent documentary filmmaker, conceived film project about *Titanic* wreck using high-illumination lighting equipment. Plaintiff alleged defendants infringed his copyright in underwater video footage by

conveying video clips and still images to various *Titanic* artifacts exhibitions, by displaying images from footage on website, and by incorporating portions of footage into three documentaries aired by The Discovery Channel in 1997. Court rejected defendants' argument that plaintiff, because he did not literally perform filming by diving to wreck and operating cameras, could have no protectable right as "author" of footage. Plaintiff's storyboards and specific directions to film crew regarding use of light towers, shooting sequences and angles indicated final footage to be product of plaintiff's "original intellectual conceptions." Where plaintiff alleges exercise of such high degree of control over filming that final product duplicates his conception of what film should look like, plaintiff is "author" within meaning of Copyright Act.

Gibson Tex, Inc. v. Sears Roebuck & Co., 11 F. Supp.2d 439 (S.D.N.Y. 1998)

On cross-motions for summary judgment in action by fabric designer against alleged infringer, court upheld copyrightability of derivative fabric design based on public domain original. Plaintiff was not entitled to presumption of validity of copyright on basis of registration of design because plaintiff failed to state in registration that design was derivative work. However, court held that, under Second Circuit law, all that was required for copyrightability of derivative fabric design was "distinguishable variation" from original. Here, plaintiff claimed that it reduced pattern of original so that "repeat" of design would fit wider sheet of fabric, and repeat measurements and figure dimensions were not identical to original. This variation was sufficient to warrant copyright protection.

Ingram v. Page, Copyr. L. Rep. ¶ 28,041 (N.D. Ill. 2000)

Plaintiff published non-fiction original work about health and nutrition which described various symptoms and set forth series of questions regarding nutritional habits to help readers improve health. Defendant later published its own non-fiction work which focused on nutrition as source of healing. Defendant's work contained text which plaintiff alleged was identical or substantially similar to plaintiff's copyrighted text. On cross-motions for summary judgment, court held that plaintiff's efforts to protect "guts" of work featuring self-questioning diagnostic methods was attempt to claim protection for idea of self-diagnostic approach to nutritional healing and was thus not proper basis for copyright claim since ideas themselves are not copyrightable. Likewise, court denied protection of descriptive titles for various symptoms such as "Sluggish Thyroid Syndrome" because these titles could not be construed as original works. Other instances of copied expression were generally "too *de minimis* to be

actionable as a matter of law," though some actionable copying was found in one section of defendant's work.

Edmark Indus. SDN. BHD. v. South Asia Int'l (H.K.), Ltd., 89 F. Supp.2d 840 (E.D. Tex. 2000)

District court determined that plaintiff's copyrighted brochures met originality requirement. Plaintiff, manufacturer of vegetable slicer, authored user brochures for distribution with product. Plaintiff received copyright registrations for brochures in 1996. Defendant importer distributed counterfeit slicers along with counterfeit copies of plaintiff's brochures. In suit alleging infringement of brochures, defendant maintained that plaintiff's brochures lacked originality in that (1) plaintiff copied competitor's brochure and (2) plaintiff's brochures merely described operation of slicer. Rejecting defendant's arguments, court concluded that plaintiff's brochures were stylistically different from competitor's, and thus sufficiently original. Moreover, court asserted that particular descriptions or explanations of how slicer operated were copyrightable expression.

Southco, Inc. v. Kanebridge Corp., 53 U.S.P.Q.2d 1490 (E.D. Pa. 2000)

Plaintiff, hardware manufacturer and seller, used nine-digit numbers to identify hardware fasteners whereby first two numbers denoted product class and following digits denoted installation type, thread size, knob finish, etc. Plaintiff sought injunction preventing defendant from using plaintiff's nine-digit product identification codes. Court held that nine-digit codes were copyrightable. Each of plaintiff's handbooks containing codes was subject of copyright registration and effect given by court to prima facie evidence of copyright. Court further concluded that plaintiff's numbering system was language communicating functional details of hardware it described. Court held threshold for originality was low and originality was satisfied where plaintiff (1) created numbering system "out of nothing"; (2) each digit represented a different characteristic; and (3) plaintiff decided which characteristic to describe and which digit to use to describe it. Court distinguished this from cases in which random numbers were chosen to describe products because, in those cases, there was insufficient originality to distinguish authorship and no effort or judgment went in to selection or composition of numbers. Here, numbering system is complex code expressing numerous detailed features of products, and its unique, non-intuitive and highly complex attributes satisfy standard for originality.

ZZ Top v. Chrysler Corp., 54 F. Supp.2d 983 (W.D. Wash. 1999)

Plaintiff's motion for partial summary judgment of infringement granted. ZZ Top, musical group, claimed that Chrysler copied portions of song "La Grange," and used it as soundtrack to promotional video for Plymouth

Prowler and as background music at introductory press event. Defendant admitted copying but claimed song not original and, therefore, not subject to copyright protection. Defendant focused on guitar riff in "La Grange," arguing it was substantially similar to seven prior songs. Court noted that Act required minimal originality for copyright and that plaintiff's composition and guitar riff met originality requirement. In particular, court held portion of song at issue not substantially similar to prior works cited by defendant and that no reasonable person would confuse plaintiff's guitar riff with such prior works. Court held as matter of law that plaintiff had valid copyright for "La Grange" and that defendant infringed such copyright.

State v. Law Office Info. Sys., Inc., Copyr. L. Rep. ¶ 27,947 (Wis. Ct. App. 1999)

Wisconsin state appellate court held that certain material added by Revisor of the Statutes Bureau to state statutes and codes met minimal threshold of originality for copyrightability. State of Wisconsin entered into contract with entity for right to reproduce statutory material on CD-ROM. Entity refused to pay second installment on contract, citing provision of contract that agreement was terminable if material was held in public domain. Court held that although works of federal government cannot be copyrighted, no similar provision existed for state governments. Court concluded that preface, which covered slightly more than three pages of text describing statutes, revisions, methods to use book, and various other materials, contained sufficient originality. Court found that contract relieved defendant of obligation to make payment under contract only in situation where all of material was found not copyrightable. Court reversed grant of summary judgment to defendant and upheld claim of breach of contract by state.

D. Derivative Works

Pickett v. Prince, 207 F.3d 402 (7th Cir. 2000)

Seventh Circuit affirmed district court's dismissal of plaintiff's copyright infringement action because plaintiff's guitar design was derivative work based upon copyrighted symbol owned by defendant recording artist who had not given consent for derivative work. In 1992, recording artist Prince began identifying himself by unpronounceable hieroglyphic-like symbol. Symbol was both copyrighted work of visual art and trademark. Plaintiff designed guitar based on copyrighted symbol which he allegedly showed to Prince. After Prince appeared in public with guitar of similar design, plaintiff sued Prince for copyright infringement of plaintiff's derivative work. Plaintiff argued § 103(a) of Act entitled him to create derivative

work without consent, contending copyright protection extended to derivative work's original elements. Court stated § 106(2) of Act gives copyright owner exclusive right to authorize derivative works and that § 103(a) only provides authorized maker of derivative work may not infringe another person's copyrighted material. Court held Prince's guitar was authorized derivative work, whereas plaintiff's guitar was not. Concluding plaintiff asserted infringement of copyright to which he had no right, court affirmed dismissal of his copyright infringement action.

Liu v. Price Waterhouse, LLP, 52 U.S.P.Q.2d 1476 (N.D. Ill. 1999)

Denying defendant's motion for summary judgment on copyright infringement claim, district court held that licensees' right to copyright derivative work existed despite lack of explicit grant in license agreement. Plaintiff sued defendants alleging infringement of software program used to help prepare tax returns for corporations. Relying on *Gracen v. Bradford Exch.*, 698 F.2d 300 (7th Cir. 1983), defendants, which hired programmers to prepare derivative work of their own copyrighted software, argued that letter agreement's lack of authorization to programmers to copyright derivative work barred them from obtaining copyrights. Noting Professor Nimmer's criticism of *Gracen*, district court held that right to claim copyright in derivative work arose by operation of law, not from permission of copyright owner of underlying work.

E. Architectural Works

Hunt v. Pasternak, 179 F.3d 683 (9th Cir. 1999)

Ninth Circuit reversed district court's grant of summary judgment and remanded for further proceedings. Defendant restaurateurs hired plaintiff to design "Organ Stop Pizza" restaurant after they became dissatisfied with plans prepared by architect previously engaged. Dissatisfied in turn with plaintiff's design, they engaged new architect, to whom they showed plaintiff's plans. Building was ultimately constructed from third architect's design, and plaintiff sued owners and architect for copyright infringement. District court granted defendants' motion for summary judgment and ordered case dismissed, led astray, as appellate court acknowledged, by Ninth Circuit's own holding in *Eales v. Environmental Lifestyles, Inc.*, 958 F.2d 876 (9th Cir. 1992), that under Architectural Works Copyright Protection Act of 1990, valid copyright in architectural work can subsist only in work that has been constructed. Correcting its earlier error, court noted that language of Act states, and legislative history confirms, that Act protects building designs created after its effective date in whatever tangible medium of expression they may be embodied, including unconstructed works embodied in architectural plans or drawings.

F. Miscellaneous

Homan v. Clinton, Copyr. L. Rep. ¶ 27,980 (6th Cir. 1999)

Panel affirmed dismissal of copyright infringement suit as frivolous. Plaintiff sued President, Vice President, U.S. Government, Democratic Party *et al.* alleging use in 1996 Presidential campaign of slogan "Building Bridges to the 21st Century" infringed plaintiff's article with similar theme containing motto "Building Bridges to the Future." Court, after noting merger doctrine and lack of copyright protection for fragmentary words and phrases, held plaintiff did not present evidence sufficient to establish access to article by defendants. Claim would fail even if access were established, court noted, since plaintiff's motto and campaign slogan were not substantially similar. Action amounted to attempt to establish copyright protection for idea or general concept.

Veeck v. Southern Bldg. Code Cong. Int'l, Inc., 49 F. Supp.2d 885 (E.D. Tex. 1999)

On cross motions for summary judgment, court upheld defendant's copyright in model building codes. Defendant created model building codes that were adopted by cities throughout country under express agreement by defendant. Plaintiff purchased defendant's model codes in electronic format and posted parts of them on website that provided free information about cities in Texas. Defendant counterclaimed, contending plaintiff's posting of portion of codes on website constituted infringement. Plaintiff argued defendant lacked copyright on four separate grounds, namely due process and access to law, fact/idea-expression merger, misuse, and waiver. Court rejected each argument, finding that plaintiff and public did have access to defendant's building codes and, thus, due process not violated; that creation of building codes is open to various different type of expression and, therefore, no fact/idea-expression merger; that defendant did not misuse copyrights, although municipalities were permitted to adopt codes at no cost; and that defendant did not waive its copyright protection, because defendant reserved copyright in codes adopted by municipalities. Therefore, court found that defendant had valid copyright in codes and granted defendant's motion for summary judgment.

ABR Benefits Servs., Inc. v. NCO Group, 52 U.S.P.Q.2d 1119 (E.D. Pa. 1999)

District court denied defendant's motion for summary judgment based on *Baker v. Selden* "Blank Form" rule and merger doctrine. Plaintiff developed multi-page notification forms to assist its clients with compliance with COBRA laws. Defendant, COBRA claims processing agency, used similar notification forms for its clients. Asserting *Baker v. Selden* rule as

defense to claim of infringement, defendant argued that COBRA forms were "blank forms" and not copyrightable. In addition, defendant asserted that expression and idea merged in that there were limited ways to create forms for COBRA system. Court held that some blank forms can be copyrightable if they are "sufficiently innovative to warrant protection." Moreover, court held that plaintiff submitted evidence showing that other companies' forms used variety of ways to present COBRA-related information. Court concluded that there were genuine issues of fact that could not be disposed of on summary judgment.

III. OWNERSHIP

A. Works Made For Hire

Self-Realization Fellowship Church v. Ananda Church of Self-Realization, 206 F.3d 1322 (9th Cir. 2000)

Ninth Circuit affirmed district court ruling that common law copyright in Swami's writings and recorded lectures did not vest in church he founded. Swami Paramahansa Yogananda, founder of Self-Realization Fellowship Church ("SRF"), wrote books and articles and gave religious lectures during his tenure. SRF published Yogananda's books and recordings of his lectures. In 1939, Yogananda executed agreement renouncing all claims of compensation for his works in exchange for "the privilege of being accepted as a worker" by SRF. Several years after Yogananda's death, defendant breakaway church copied and used Yogananda books, articles, recordings and photographs for its religious teachings. SRF subsequently filed infringement claim against defendant church, asserting that Yogananda's writings and lectures were works for hire or works of corporate body under 17 U.S.C. § 24 (1909). Affirming district court ruling, court concluded that Yogananda's writings and recorded lectures were not works for hire because they were motivated by his "desire for self expression" rather than created at direction of SRF. Moreover, court held that works were not works of corporate body because § 24 is not applicable in cases where works are created by identifiable individual.

Kirk v. Harter, 188 F.3d 1005 (8th Cir. 1999)

Eighth Circuit reversed district court judgment in favor of plaintiff, holding that defendant was copyright owner of computer programs because he designed programs as independent contractor. Plaintiff provides services to dog breeders and brokers seeking to comply with requirements of American Kennel Club and FDA. Defendant computer programmer was hired by plaintiff to design variety of programs to help with this process. When plaintiff's customers began receiving services directly from defendant, plaintiff sued for infringement, claiming ownership of programs.

Following *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989), appellate court concluded that computer programs were not works made for hire because (1) plaintiff did not treat defendant "as an employee for tax purposes"; (2) plaintiff did not provide any employment benefits; (3) defendant was highly skilled; (4) defendant continued to consult for other companies; and (5) defendant unilaterally hired subcontractor to assist him on at least one project.

Medallic Art Co., Ltd. v. Novus Mktg., Inc., Copyr. L. Rep. ¶ 27,948 (S.D.N.Y. 1999), *aff'd in part sub nom., Medallic Art Co. v. Washington Mint, LLC*, Copyr. L. Rep. ¶ 28,048 (2d Cir. 2000)

Defendant hired plaintiff to manufacture replicas of coins and currency selected by defendant to be sold by defendant. Plaintiff's replicas were basically three-dimensional replicas of notes and coins that attempted to identically replicate original currency. Defendant selected notes and coins to be manufactured by plaintiff and defendant had final approval of design. After contract expired, defendant supplied plaintiff's replicas to other manufacturers. Plaintiff sued defendant, marketing affiliate of Washington Mint, Inc., for copyright infringement. Both plaintiff and defendant claimed authorship of designs. Court noted that defendant did conceive and develop idea, select and provide approval of replicas, and subsequently market product. Although court was "sympathetic to Washington's claim that it should be entitled to sell products that it conceived and for which it developed a market, the Copyright Act requires a different result." Washington's concept or idea was not copyrightable. Under *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989), court found that plaintiff actually created work and transformed defendant's idea into fixed, tangible expression. Court noted, however, that because products merely duplicate public domain works, other manufacturers were free to produce similar currency that did not copy creative elements contributed by plaintiff.

B. Transfer of Ownership

Self-Realization Fellowship Church v. Ananda Church of Self-Realization, 206 F.3d 1322 (9th Cir. 2000)

On issue of assignment of common law copyright in Swami's works to church he founded, Ninth Circuit reversed district court grant of summary judgment in favor of defendant and remanded for further proceedings. Swami Paramahansa Yogananda, founder of Self-Realization Fellowship Church ("SRF"), wrote books and articles and gave religious lectures during his tenure. SRF published Yogananda's books and recordings of his

lectures. Taking vow of poverty in 1935, Yogananda assigned all of his worldly possessions to SRF. Several years after Yogananda's death, defendant breakaway church copied and used Yogananda books, articles, recordings and photographs for its religious teachings. SRF subsequently filed infringement claim against defendant church, asserting that Yogananda informally assigned his common law copyright in works to SRF. Court concluded that since existence of assignment of common law copyright turned on intent of author, there was triable issue of fact as to whether Yogananda made valid assignment of works to SRF.

Radio Television Espanola S.A. v. New World Entm't, Ltd., 183 F.3d 922 (9th Cir. 1999)

In case concerning alleged breach of contract for exclusive rights to broadcast animated television programs in Spain, court affirmed grant of summary judgment for defendant on grounds that, in absence of writing signed by copyright owner, no valid license agreement existed. Parties had negotiated for deal involving two programs but defendant distributor insisted that deal must include additional programs as well. When negotiations broke down, Spanish broadcaster sued for breach of contract. Although § 204(a) of Copyright Act does not require any "magic words," evidence offered by plaintiff was insufficient to show intent by defendant to transfer copyright ownership. Fax from defendant to plaintiff making "[a] mere reference to a deal without any information about the deal itself fails to satisfy the simple requirements of § 204(a)." Another fax stating that defendants were "awaiting the contracts" and making "no mention of a grant of an exclusive license" also did not constitute instrument of conveyance. Defendant's internal memoranda concerning deal were insufficient in themselves and court would not "deem them incorporated" into faxed writings for purposes of meeting requirements of § 204.

Bernstein v. Glavin, Copyr. L. Rep. ¶ 28,051 (Ind. Ct. App. 3d Dist. 2000)

State appeals court affirmed denial of plaintiff's motion, and grant of defendants' cross-motion, for summary judgment on claim of legal malpractice involving rights in song popularized by "Barney" children's program. In 1982, plaintiff submitted to nonparty publisher original song lyrics entitled "I Love You," sung to tune of "This Old Man," to be compiled into children's songbook. Plaintiff in 1983 signed form stating "lyrics will become the property of" publisher, and that plaintiff would receive complimentary songbook and perpetual acknowledgment as author "in payment for the rights" to lyrics. Song was subsequently incorporated, without authorization, into "Barney" television programs and videocassettes. Plaintiff engaged defendant attorney, who negotiated agreement with "Barney"

producer, Lyons Entertainment Group, Inc., transferring copyright and setting out compensation and credit terms. Shortly thereafter, Barney became "merchandising bonanza," and plaintiff, dissatisfied with arrangements negotiated by defendant, retained new counsel. Both publisher and Lyons sued plaintiff in federal court, seeking enforcement of copyright in lyrics; suits were eventually settled and dismissed. Plaintiff filed legal malpractice action against original counsel, alleging he had failed to properly investigate rights and potential liabilities under copyright laws, or evaluate potential value of copyright infringement claim or value of transfer of rights in lyrics. Trial court granted summary judgment in favor of defendant, finding plaintiff could not sustain any damages from defendant's alleged malpractice, since form plaintiff executed in 1983 constituted effective assignment of copyright in lyrics to publisher. Appeals court agreed. Notwithstanding plaintiff's contention that she transferred only non-exclusive license, agreement "clearly and unquestionably" transferred ownership of copyright in lyrics to publisher. Absent ambiguity, contract terms must be given their plain and ordinary meaning, and parties' intentions, as expressed in four corners of instrument, given effect. "Property" conveyed in agreement could only be copyright in lyrics; "considering the intangible nature of lyrics, there can be no confusion between ownership of the copyright in the lyrics and ownership of a material object." It would be improper, court noted, to inquire into adequacy of single songbook as consideration. However, agreement's provision that lyrics would always appear with plaintiff's name as author was evidence of valuable consideration, as well as of publisher's intent to obtain, and plaintiff's intent to transfer, more than one-time publishing rights.

C. Joint Works and Co-Ownership

Aalmuhammed v. Lee, 202 F.3d 1227 (9th Cir. 2000)

Court of Appeals affirmed district court holding that plaintiff was not joint author of movie *Malcolm X*. Plaintiff was asked to assist Denzel Washington to prepare for role as Malcolm X because plaintiff was knowledgeable about life of Malcolm X and Islam. Plaintiff made script revisions, did some directing, created some new scenes, edited parts of movie and otherwise made significant contributions to movie. Parties had no written agreement, but plaintiff was compensated. When writing credit was rejected, plaintiff secured copyright registration claiming he was co-creator, co-writer and co-director of movie. Plaintiff sued for declaratory relief, claiming, *inter alia*, that he was joint author of movie. Court found plaintiff met part of Ninth Circuit test for joint authorship in that he made independently copyrightable contributions which all parties intended be merged into interdependent parts of movie as unitary whole. But joint work also requires two or more authors, and plaintiff could not show he

was "author" of joint work as opposed to author of some of expression in work. In absence of contract, inquiry on authorship must focus on facts. Lack of superintendence and control on part of plaintiff was "strong evidence of the absence of co-authorship." Further, there was no manifestation of intent to be co-authors. Warner Brothers signed "work for hire" agreement with Spike Lee. Illogical to conclude that Warners, while not wanting to share copyright with Lee, intended to share copyright ownership with plaintiff who worked under Lee. Plaintiff also offered no evidence that he was "inventive or mastermind of the movie." All evidence showed was that, subject to Spike Lee's authority to accept them, plaintiff made valuable contributions to movie. "That is not enough for co-authorship of a joint work."

Batiste v. Island Records, 179 F.3d 217 (5th Cir. 1999)

Court upheld district court grant of summary judgment in favor of defendant, Island Records, in suit involving claim of copyright infringement in musical composition defendant sampled for use in subsequent composition. Court held that use of sample as part of subsequent work did not purport to create "joint work." Although agreement between defendant's licensor and music publisher provided that they would own composition jointly, "joint ownership of a derivative work does not alone create a 'joint work.'"

Maurizio v. Goldsmith, 84 F. Supp.2d 455 (S.D.N.Y. 2000)

Plaintiff claimed to be co-author of portions of novel *The First Wives Club* and outline on which novel was based. Although court granted defendant's motion for summary judgment dismissing plaintiff's claim of joint authorship because claim was barred by statute of limitations, court discussed merits of joint authorship claim, finding summary judgment on merits improper. Court found genuine issues of fact concerning whether defendant, who was dominant author, intended plaintiff to be co-author. Plaintiff alleged that defendant had asked her to co-write novel, promised to introduce her to agent as co-writer, and stated that they would "both make a lot of money." Plaintiff further claimed that the parties had planned to work out formal agreement. Genuine issues of fact also existed concerning whether plaintiff's alleged outline and two draft chapters were original, copyrightable contributions. Court rejected defendant's argument that even if plaintiff was joint author of outline and draft chapters, final version of novel was derivative work of outline and draft chapters, based on evidence that parties intended them to be contributions to novel itself. Moreover, defendant would still be required to account to co-author for use of joint work in derivative work. Since issues of fact existed, summary judgment to plaintiff was denied.

Bishop, Inc. v. Lyons, 54 U.S.P.Q.2d 1062 (S.D.N.Y. 2000)

Plaintiff, collaborating with art director for defendant ad agency, took photographs of hospital cups for use in defendant's advertising campaign for drug OXYCONTIN. Defendant utilized photographs without paying all fees due under parties' agreement. Subsequently, plaintiff registered photographs with Copyright Office and brought action for copyright infringement and Lanham Act violations. Court denied defendant's motion for summary judgment based on its alleged co-authorship of photographs under 17 U.S.C. § 101, but also denied plaintiff's cross-motion, because defendant raised triable issues of fact pertaining to whether it made independent copyrightable contributions to photos and whether parties intended to be co-authors.

Lindsay v. R.M.S. Titanic, 52 U.S.P.Q.2d 1609 (S.D.N.Y. 1999)

Court denied defendants' claim of joint authorship of subject work. Plaintiff, independent documentary filmmaker, conceived film project about *Titanic* wreck using high-illumination lighting equipment. Plaintiff alleged defendants infringed his copyright in underwater video footage by conveying video clips and still images to various *Titanic* artifacts exhibitions, by displaying images from footage on website, and by incorporating portions of footage into three documentaries aired by The Discovery Channel in 1997. Defendants argued plaintiff was at best joint author of footage with main photographer, whose participation was under work-for-hire agreement with defendant R.M.S. Titanic, Inc. ("RMST"), and whose authorship rights were thus conferred on RMST. Pleadings, however, alleged plaintiff, as "director, producer and cinematographer," to have exercised virtually total control over filming. Court found this apparent retention of exclusive authority inconsistent with intention that photographer, or anyone else, be co-author.

Brown v. McCormick, 87 F. Supp.2d 467 (D. Md. 2000)

Defendants Universal City Studios, Inc. and Amblin Entertainment hired defendant McCormick, professional quilter, as technical consultant for film *How to Make an American Quilt*. McCormick engaged plaintiff to create fifteen "quilt block" designs, under agreement that authorized studio to make and use in film one quilt based on designs, in which plaintiff retained copyright. Defendants produced second quilt incorporating quilt block that "borrowed basic design" of one of plaintiff's blocks, and used both quilts in film as well as promotional and advertising campaign. Plaintiff sued, alleging that creation and all displays of second quilt, and displays of first quilt other than in film or in connection with promotion of film, infringed her copyright. Defendants argued that their participation

in creation of both quilts made them joint authors with plaintiff. Court rejected argument. As to first quilt, parties' agreement contemplated that plaintiff would contribute patterns and others would assemble quilt, and gave express permission for plaintiff's design to be used in two copies of quilt. Finding of joint authorship would effectively nullify contract, by permitting defendants, as joint authors, to license designs to others. With regard to "borrowed" quilt block, it was impossible that plaintiff, who had no knowledge that her work was to be copied to form basis for second block, intended that her work be merged with works of others into inseparable or interdependent parts of unitary whole, as required for finding of joint authorship under § 101.

Bencich v. Hoffman, 84 F. Supp.2d 1053 (D. Ariz. 2000)

Plaintiffs wrote sixty-page screenplay for film *The Fanatic* based on defendant's four-page treatment. Defendant created film after telling plaintiffs film project was on hold. Plaintiffs sued for infringement of copyright in screenplay. Court found that defendant was joint author of copyrighted work. Evidence showed that parties intended to create joint work where defendant approached plaintiffs to create screenplay from treatment, plaintiffs testified they could not have written screenplay without treatment, and plaintiffs used defendant's address on draft. Plaintiffs offered no evidence disputing that treatment was separately copyrightable. Court granted defendant's motion for partial summary judgment on copyright infringement claim since, as co-owner, defendant could not be held liable for infringement. Defendant was, however, subject to accounting to plaintiffs.

Visitor Indus. Publ'ns, Inc. v. NOPG, L.L.C., 91 F. Supp.2d 910 (E.D. La. 2000)

Plaintiff, publisher of monthly magazine for visitors to New Orleans, contracted with defendant Destinations Interactive ("DI") to create CD-ROM for tourists entitled "New Orleans Interactive." Agreement provided that editorial content contributed by plaintiff was plaintiff's "intellectual property" and DI's contributions were DI's "intellectual property." DI would not deliver final version of CD-ROM to plaintiff due to dispute over payments for production costs and other expenses, and CD-ROM was never published. Plaintiff's sales manager left plaintiff's employ to become publisher of magazine published by defendant NOPG, and NOPG and DI produced informational CD-ROM for New Orleans tourists. Plaintiff alleged that defendants' CD-ROM unlawfully copied and created derivative work of plaintiff's copyrighted "written advertising scripts and an illustration of a voodoo dancing woman" embodied in "New Orleans Interactive." Defendants moved to dismiss on grounds that "New Orleans

Interactive" was joint work which, as co-owners, they were entitled to copy. Court denied defendants' motion where there was insufficient evidence for court to identify DI's contributions to "New Orleans Interactive" and determine whether they were separately copyrightable, thus precluding determination of whether "New Orleans Interactive" CD-ROM was joint work.

BTE v. Bonnecaze, 43 F. Supp.2d 619 (E.D. La. 1999)

On second motion for summary judgment by main songwriter of rock band Better Than Ezra (BTE), court held that ex-drummer of band was not co-author of BTE's songs because his alleged contributions to songs were not fixed in tangible medium other than sound recordings, and thus were not independently copyrightable. Although drummer was acknowledged co-author of BTE sound recordings, court followed *T.B. Harms Co. v. JEM Records*, 655 F. Supp. 1575 (D.N.J. 1987), to hold that "the rights of an owner of copyright in a sound recording do not extend to the song itself. A copyright in the recording and in the song are separate and distinct and by statute are treated differently." Court noted that drummer may have contributed to songs but "has failed to supply this court with any evidence . . . that [he] had ever fixed those contributions in a tangible form of expression." Without any citation to authority, court concluded "[t]he sound recordings of the songs cannot serve as the tangible form required for [drummer] to meet the independently copyrightable test required for proving joint authorship."

D. Contracts and Licenses

Mendler v. Winterland Prod., Ltd., 207 F.3d 1119 (9th Cir. 2000)

Court reversed judgment of non-infringement of plaintiff's copyrighted photograph of two ships in America's Cup yacht race. Plaintiff licensed defendant, manufacturer of screen-printed apparel, to use America's Cup photographs as "guides, models and examples, for illustrations." Defendant scanned and digitally altered photograph to create image used on T-shirts. Court found that defendant's use of photograph exceeded terms of license agreement because defendant's image constituted photograph rather than illustration. Essential qualities of photographs, court reasoned, are "lifelike appearance" and "faithful detail." By using digital alteration as illustration process, defendant "took on the burden of altering the image sufficiently so it would no longer exhibit those qualities that cause us to recognize it as a photograph." Because defendant "failed to destroy the essentially photographic quality of the image," it exceeded scope of license agreement and infringed plaintiff's copyright.

Batiste v. Island Records, 179 F.3d 217 (5th Cir. 1999)

Court upheld district court grant of summary judgment in favor of defendant, Island Records, in suit involving claim of copyright infringement in musical composition "Funky Soul," which defendant sampled for use in subsequent composition "So On." Court held that plaintiffs' assignment of rights in composition to defendant's licensor, Isaac Bolden, was effective despite their inability to remember signing agreements. Court also held that assignment, which granted, *inter alia*, rights to license "in any or all fields of use, by any method now or hereafter known, throughout the world, records embodying the performance," was broad enough to cover right to license use of sample despite fact that sampling technology was unknown at time assignment was executed. Court also held fact that two of plaintiffs were minors at time assignment was executed did not permit them to sue where third plaintiff was not minor and had given valid grant.

Korman v. HBC Florida, Inc., 182 F.3d 1291 (11th Cir. 1999)

Court reversed trial court holding that § 203 imposes minimum, rather than maximum, thirty-five year term on copyright license of unspecified duration. Over seven-year period, while employed by radio station owned by defendant, plaintiff wrote lyrics for various jingles and allowed station to use them on air. Station continued to air jingle at issue after plaintiff left its employ, and when station ignored plaintiff's demands to negotiate agreement for use of jingle, plaintiff sued for copyright infringement. District court held that plaintiff, by her conduct, granted station implied nonexclusive license to use jingle, and that § 203 prevented termination before thirty-five years elapsed. Appellate court reversed district court, which followed *Rano v. Sipa Press*, 987 F.2d 580 (9th Cir. 1993), which held that § 203 imposes minimum rather than maximum term. Eleventh Circuit joined Seventh Circuit in *Walthal v. Rusk*, 178 F.3d 481 (7th Cir. 1999), in finding such interpretation in accord neither with language of statute nor with its purpose of safeguarding authors against unremunerative transfers. Court held that if state law provides that licenses of indefinite duration may be terminated in less than thirty-five years, it is state law and not § 203 that governs termination. Case was remanded for district court to determine Florida law.

Murray Hill Publ'ns, Inc. v. ABC Communications, Inc., 67 F. Supp.2d 754 (E.D. Mich. 1999)

District court did not have jurisdiction to hear plaintiff's claim that use of derivative musical composition constituted infringement since derivative work ("J.P.'s Theme") itself was not registered. Original musical composition, "Jeannette," from which plaintiff's "J.P.'s Theme" derived, was regis-

tered in 1986. Failure to register derivative work prevented suit for infringement of derivative work. As to claim that use of derivative work infringed underlying "Jeanette," creator's grant of non-exclusive license to use "J.P.'s Theme" song on radio broadcast waived right to sue licensee for infringement. Court held, since defendant's use of song was intended at time of grant, plaintiff's infringement action was precluded. Moreover, since non-exclusive license contained no explicit restrictions, no viable breach of contract action existed.

E. Miscellaneous

Richard Feiner & Co. v. HR Indus., Inc., No. 98-9390, 1999 U.S. App. LEXIS 11979 (2d Cir. June 4, 1999)

Summary judgment for plaintiff Feiner reversed in case arising from publication by defendant *Hollywood Reporter* of photo from Laurel and Hardy film *Liberty*. Court below based summary judgment on defendant's concession that plaintiff owned copyright in still photo, but concession was made solely for purposes of argument for defendant's own motion to dismiss. Defendant made "clear and definite statements" in its response to plaintiff's motion for summary judgment that it did not concede factual issue that plaintiff was either copyright owner or exclusive licensee. Court also rejected "new, alternative ground" for summary judgment offered by district court in denying HR's motion for reconsideration, that "even if HR had not stipulated to Feiner's ownership of the copyright to the photograph, the photo 'falls within Feiner's rights as copyright holder to the film Liberty.'" Although other cases had held that Feiner owned *Liberty* copyright, HR was not party to those cases and had right to litigate issue. Also, question of whether copyright in film encompassed copyright in promotional still not actually part of film involved factual disputes and was not briefed. "The district court's holding that Feiner held the copyright to Liberty and that this copyright covered the photograph was therefore premature and cannot stand."

Blackthorne Publ'g, Inc. v. Black, Nos. 97-55656 & 97-56058, 2000 U.S. App. LEXIS 1401 (9th Cir. Jan. 28, 2000)

Court affirmed district court's grant of summary judgment for defendants in copyright infringement action over source material for film entitled *The Long Kiss Goodnight*. In *de novo* review, court held plaintiffs did not hold valid copyright because 1995 assignment was defective since plaintiff publishing company was ineligible to conduct business as suspended corporation for nonpayment of franchise taxes. Court further concluded copyright ownership was not acquired in 1989 corporate resolution owing to lack of written assignment as required by § 204. Nor did this writing

confirm any prior oral agreement. Also, registration did not validate copyright because it was done five years after first publication. Court did not reach issue of copying because plaintiffs "failed to establish a genuine issue of material fact regarding ownership."

Music Sales Corp. v. Morris, 52 U.S.P.Q.2d 1852 (S.D.N.Y. 1999)

Court held Executor of estate of composer Billy Strayhorn, who left neither widow nor children, was Strayhorn's statutory successor. Action involved long-running dispute over ownership of copyright interests in certain Strayhorn works ("Compositions"). By series of agreements entered into from 1962 through 1969, Strayhorn and/or his potential heirs assigned copyright renewal rights in Compositions to plaintiff Tempo Music Corp. ("Tempo") in exchange for shares of Tempo stock, promotion of Compositions, and future royalties. Strayhorn died in 1967, leaving nearly his entire estate, including Compositions, to his mother, who had predeceased him. Following litigation in which Strayhorn's heirs, dissatisfied with Tempo's promotion of Compositions, sought to rescind assignment agreements, parties in 1993 entered into settlement agreement under which plaintiff Music Sales Corp. ("Music Sales") acquired 50% interest in Tempo's rights in Compositions and replaced Tempo as promoter. Between 1993 and 1999, Strayhorn's Executor, his nephew Gregory Morris, filed and served on plaintiffs several notices to terminate plaintiffs' rights in Compositions, and plaintiffs sued seeking declaratory judgment that defendants could not terminate their prior assignments of copyright interests. Court rejected plaintiffs' argument that § 304, which vests author's rights in executor where spouse and/or children are "not living," does so only where spouse or children were once alive but predeceased author. Court also rejected plaintiffs' argument that will's invalid disposition of Compositions to Strayhorn's mother, who predeceased him, was equivalent to "absence of a will" under § 304, causing next of kin (who had assigned their renewal interests to plaintiffs) to inherit rights. Executor properly inherited rights in Compositions and, as statutory successor to renewal rights, was entitled to terminate assignments of copyrights to music publishers.

IV. FORMALITIES

A. Notice and Publication

Kepner-Tregoe, Inc. v. Vroom, 186 F.3d 283 (2d Cir. 1999)

Second Circuit held that university professor's management training materials did not enter public domain when they were published without copyright notice in 1971 because professor had already obtained statutory copyright before date of publication lacking notice. Management training

corporation sued professor, alleging that professor breached exclusive license agreement and engaged in willful infringement when professor conducted private business using materials to run management training sessions. Affirming award to corporation, circuit court found that first publication with notice occurred in August 1971 resulting in registration and thus, copyrighted materials did not enter public domain when they were published without notice in December 1971.

Estate of Martin Luther King, Jr. v. CBS, Inc., 194 F.3d 1211 (11th Cir. 1999)

Eleventh Circuit reversed grant of summary judgment and remanded for further proceedings to determine whether Martin Luther King's 1963 "I Have a Dream" speech was placed in public domain by general publication of tangible copies without copyright notice. CBS produced documentary which incorporated 60% of speech, and district court held that speech was public domain because of large broadcast audience and King's efforts to maximize news coverage. Reversing, split panel of Eleventh Circuit surveyed case law regarding general publication and concluded that mere delivery of speech and attendant news reports were not sufficient to "publish" work under terms of 1909 Act. Citing *Public Affairs Assoc., Inc. v. Rickover,* 284 F.2d 262 (D.C. Cir. 1960), court held that King's distribution of tangible copies to press was only limited publication, and vast size of audience did not affect general rule that oral delivery of speech cannot constitute publication. District court's reliance on *Letter Edged in Black Press, Inc. v. Public Bldg. Comm'n of Chicago*, 320 F. Supp. 1303 (N.D. Ill. 1970), was misplaced, at least on current state of record, because evidence did not show that King had distributed tangible copies to general public, nor that he had failed to take action against unauthorized copying. Accordingly, summary judgment in favor of CBS was reversed and case remanded for further fact finding.

B. Registration

Raquel v. Education Mgmt. Corp., 196 F.3d 171 (3d Cir. 1999)

In two-to-one ruling, Third Circuit upheld dismissal of copyright infringement action upon finding that plaintiff, partnership of musicians and songwriters who authored song, "Pop Goes the Music," lacked valid registration as prerequisite to filing suit. Plaintiff sued advertising agency, record company and band Nirvana alleging unauthorized use of music video. Majority of panel concluded that plaintiff's description of work in copyright registration as "audiovisual work" could not be basis for infringement action based on song alone where plaintiff had no rights to television commercial where song was played. Third Circuit further con-

cluded that supplemental registration filed by plaintiff to allegedly correct error was invalid because material error, such as description of work, could not be corrected by supplemental application. In dissenting opinion, circuit judge held that majority ignored district court finding that plaintiff did not knowingly fail to advise Copyright Office of material facts, but nevertheless held valid copyright in song. Dissenter noted that district court had dismissed complaint not because of invalid registration but because complaint relied on rights to audiovisual work, not to song. Dissenter concluded that district court's dismissal should be reversed, permitting plaintiff to correct inadvertent error in copyright registration.

Yurman Design, Inc. v. Paj, Inc., Copyr. L. Rep. ¶ 28,966 (S.D.N.Y. 2000)

Plaintiff sued defendant for infringement based on defendant's alleged intentional copying of plaintiff's copyrighted jewelry pieces. Jury returned verdict in plaintiff's favor, finding defendant willfully copied several of plaintiff's jewelry designs and awarding $275,000 in statutory damages. Defendant moved for new trial and for judgment as matter of law on certain of plaintiff's claims, asserting improper registration and lack of originality. Court denied defendant's motion, holding, despite defendant's claims to contrary, that group of jewelry designs were simple variations on same basic design, and thus sufficiently related to qualify for valid group registrations.

Yurman Design, Inc. v. Chaindom Enters., Inc., 53 U.S.P.Q.2d 1590 (S.D.N.Y. 1999)

District court enjoined manufacture and sale by defendants of helix-styled bracelets featuring gold collars which copied plaintiff's jewelry design. Court also denied defendant manufacturer's cross claim of infringement because defendant failed to plead certificate of registration. Although defendant filed application, no certificate had been received, nor was there denial of registration by Copyright Office.

Barris v. Hamilton, 51 U.S.P.Q.2d 1191 (S.D.N.Y. 1999)

On motion to dismiss, court held series of 1962 Marilyn Monroe photographs to be in public domain for lack of timely renewal. Photos were first published in U.K. newspaper, which court presumed to have carried proper U.S. notice. Court noted that because U.S. and U.K. were both members of Universal Copyright Convention in 1962, U.K. publication had same effect as domestic publication, *i.e.*, it triggered statutory protection under U.S. Act and caused twenty-eight-year renewal clock to begin running. Plaintiff failed to file for renewal in 1990, thus causing copyright to lapse. Plaintiff argued that failure to renew in 1990 should not be fatal,

however, because in 1986, prior to end of copyright term, he had registered photos with U.S. Copyright Office. Court rejected this "premature renewal" as untimely under 1909 Act, which allows renewal to occur only in final year of first term: "That plaintiff was premature, as opposed to delinquent or totally remiss, does not alter the outcome."

Master Sound Int'l, Inc. v. Polygram Latino U.S., 50 U.S.P.Q.2d 1859 (S.D.N.Y. 1999)

Court allowed plaintiff to amend complaint alleging copyright infringement to include Mexican copyright registration information for specific works at issue. Principal of plaintiff corporation executed series of licensing agreements, without knowledge of other board members, granting exclusive rights to sixty-five sound recordings of three compositions worldwide excluding Mexico. Defendant Polygram subsequently entered into agreement with one of principal's licensees, Global Entertainment, acquiring same rights in musical compositions. Plaintiff corporation filed complaint alleging copyright infringement and sought to void license agreement between Global and Polygram. Defendant moved for dismissal on ground that complaint did not include compositions that were allegedly registered in Mexico. Court acknowledged that proof of registration is not prerequisite for suit if work originated in Berne country, such as Mexico. Nevertheless, "in order to state a claim, plaintiff must identify specific works at issue and their individual registration information to establish ownership of valid copyright under Mexican law." In lieu of dismissing action, court granted plaintiff leave to amend complaint to include Mexican registration information of works that were allegedly infringed.

Tuff-n-Rumble Mgmt., Inc. v. Sugarhill Music Publ'g, Inc., 49 F. Supp.2d 673 (S.D.N.Y. 1999)

Court granted plaintiff Tuff-n-Rumble's motion to dismiss copyright infringement counterclaim brought by defendant Sugarhill because defendant did not have, nor had it applied for, copyright registration of musical composition "Spoonin' Rap." Defendant claimed it received transfer of rights to composition and to master recording in 1980 from company which acquired rights from author in 1979. Plaintiff claimed to have acquired rights directly from author in 1988, and had registered copyright in recording in 1994. Defendant, however, never registered its claimed ownership, although it recorded assignment of composition in 1995.

Gibson Tex, Inc. v. Sears Roebuck & Co., 11 F. Supp.2d 439 (S.D.N.Y. 1998)

On cross-motions for summary judgment in action by fabric designer against alleged infringer, court upheld copyrightability of derivative fabric

design based on public domain original. Plaintiff was not entitled to presumption of validity of copyright on basis of registration of design because plaintiff failed to state in registration that design was derivative work. But even in absence of presumption, court held that work was sufficiently original to warrant copyright protection. Defendants claimed that failure to disclose derivative nature of work was deliberate and so invalidated copyright. Court rejected argument, stating that "[t]here is no evidence that Gibson's failure to inform the Copyright Office . . . was motivated by scienter rising to the level of deliberate misrepresentation. Therefore, it is inappropriate for the Court to grant summary judgment to defendants on this claim. Furthermore, the submission of conclusory allegations of fraud, without more, is insufficient to pose a question of material fact relevant to the dispute."

International Kitchen Exhaust Cleaning Ass'n v. Power Washers of N. Am., 81 F. Supp.2d 70 (D.D.C. 2000)

District court held that receipt by Copyright Office of application, deposit and filing fee is sufficient under § 411(a) for plaintiff to maintain action for copyright infringement; plaintiff is not required to have certificate in hand. However, plaintiff, nonprofit organization that promoted fire safety in restaurants through certification program, alleged in complaint only that it had filed copyright registration form, without stating whether it had deposited certification program materials or paid filing fee. Court still denied defendant's motion to dismiss, permitting plaintiff to amend complaint to allege deposit of materials and payment of fee.

Pritikin v. Liberation Publ'ns, Inc., 83 F. Supp.2d 920 (N.D. Ill. 1999)

District court held plaintiff's twenty-one year delay in registering copyright did not result in work passing into public domain. In 1977, plaintiff photographed Harvey Milk, openly gay San Francisco politician, who was subsequently assassinated. In 1998, defendants published photograph without attribution or permission of plaintiff. Subsequently, plaintiff obtained copyright registration and sued for infringement. Defendants claimed that violation of prompt deposit requirement resulted in work entering public domain. Following *Washingtonian Publ'g Co. v. Pearson*, 306 U.S. 30 (1939), court held that under 1909 Act deposit and registration of work could be made at any time after publication and before filing of infringement action. Therefore, plaintiff's twenty-one year delay in registering copyright did not result in photograph being in public domain, and defendants' motion to dismiss was denied.

Goebel v. Manis, 39 F. Supp.2d 1318 (D. Kan. 1999)

Court dismissed copyright claim alleging infringement of soft, fabric snowman design entitled "Little Fat One" because plaintiff had not received registration certificate, or refusal to register, from Copyright Office at time claim was filed. Reviewing contradictory case law interpretations of § 411(a), court favored permissive approach taken by Fifth Circuit in *Apple Barrel Prods., Inc. v. Beard*, 730 F.2d 384 (5th Cir. 1984), but concluded that "plain language of the statute controls," and thus dismissed action without prejudice. Court further ordered that filing date of new complaint could relate back to filing date of original claim, if no new claims or parties were added.

C. Recordation

Tuff-n-Rumble Mgmt., Inc. v. Sugarhill Music Publ'g, Inc., 49 F. Supp.2d 673 (S.D.N.Y. 1999)

Court granted plaintiff Tuff-n-Rumble's motion to dismiss defendant Sugarhill's affirmative defense of prior transfer in case involving copyright to musical composition "Spoonin' Rap" because defendant had not shown that it had recorded its assignment prior to plaintiff's registration of ownership in composition or that plaintiff had constructive notice of prior transfer. Defendant claimed it received transfer of rights to composition and to master recording in 1980 from company which acquired rights from author in 1979. Plaintiff claimed to have acquired rights directly from author in 1988, and registered copyright in recording in 1994. Defendant recorded assignment of composition in 1995, after plaintiff registered its copyright, and defendant could not show that plaintiff had known about prior assignment to defendant or had constructive notice under § 205.

D. Termination

Range Rd. Music, Inc. v. Music Sales Corp., 76 F. Supp.2d 375 (S.D.N.Y. 1999)

Court denied parties' cross-motions for summary judgment seeking to establish ownership of copyrights in extended renewal term. In 1966-67, composer assigned rights in renewal term to defendant's predecessor. In 1985, composer gave grantee (defendant's predecessor) notice of termination. In 1986, before 1995 effective dates of termination of prior grant, composer granted plaintiff rights in compositions. In late 1995, after effective date of termination, Josephine Van Heusen, as composer's widow and co-trustee of *inter vivos* trust, executed confirmation of 1986 agreement granting rights to plaintiff. Thereafter, both co-trustees of trust assigned rights in nineteen-year extended term to defendant MSC. Court held that because § 304 of "Act prohibits an author from making a grant or transfer

of his interest in the extended renewal terms until after the effective date of termination," 1986 grant of such rights to new grantee (plaintiff), after author gives notice of termination to prior grantees, but before effective date of that termination, is invalid. Since plaintiff was neither original grantee nor grantee's successor, statutory exception permitting early transfer prior to effective date of termination is inapplicable. Finally, confirmation of early transfer by widow of composer and co-trustee of *inter vivos* trust made after effective date did not validate otherwise invalid agreement. However, "fresh grant" of rights whereby widow/co-trustee in confirmation agreement granted rights to plaintiff "as if the grant were made on the date hereof" could create valid transfer in favor of plaintiff assuming widow/co-trustee had authority to transfer extended renewal terms. Because questions remained whether composer's widow owned any rights which would give her authority to create "fresh grant" of rights, court denied summary judgment.

Music Sales Corp. v. Morris, 73 F. Supp.2d 364 (S.D.N.Y. 1999)

Court granted defendants' motion for summary judgment that notices terminating publishers' rights in musical compositions were effective. Action involved long-running dispute over ownership of copyright interests in certain works ("Compositions") composed by Billy Strayhorn (1915-1967). By series of agreements entered into from 1962 through 1969, Strayhorn and/or his potential heirs assigned copyright renewal rights in Compositions to plaintiff Tempo Music Corp. ("Tempo") in exchange for shares of Tempo stock, promotion of Compositions, and future royalties. Following litigation in which Strayhorn's heirs, dissatisfied with Tempo's promotion of Compositions, sought to rescind assignment agreements, parties in 1993 entered into settlement agreement under which plaintiff Music Sales Corp. ("Music Sales") acquired 50% interest in Tempo's rights in Compositions and replaced Tempo as promoter. Between 1993 and 1999, Strayhorn's nephew Gregory Morris, as Executor named in Strayhorn's will, filed and served on plaintiffs several notices to terminate plaintiffs' rights in Compositions, and plaintiffs sued seeking declaratory judgment that defendants could not terminate their prior assignments of copyright interests. Court held Morris was statutory successor to Strayhorn, who left neither widow nor children, rejecting plaintiffs' argument that § 304, which vests author's rights in executor where spouse and/or children are "not living," does so only where spouse or children were once alive but predeceased author. Court also rejected plaintiffs' argument that will's invalid disposition of Compositions to Strayhorn's mother, who predeceased him, was equivalent to "absence of a will" under § 304, causing next of kin (who had assigned their renewal interests to plaintiffs) to inherit rights. Court held that Morris, who assumed rights in Compositions as Executor and not

individually, possessed right to terminate assignments and was not bound by potential heirs' ineffective assignments of unfulfilled expectancies. Language of notices, consisting of "boilerplate . . . customarily accepted by the Register of Copyrights," was sufficient to reasonably identify subject matter. Termination notices were effective to terminate publishers' rights in Compositions.

V. INFRINGEMENT

A. Access

Three Boys Music Corp. v. Bolton, 212 F.3d 477 (9th Cir. 2000)

Ninth Circuit affirmed jury verdict that Michael Bolton's 1991 pop hit "Love Is a Wonderful Thing" infringed copyright of 1964 Isley Brothers song of same name. In 1964, Isley Brothers wrote and recorded song for United Artists Records, which released it as single in 1966. Song never went higher than 110 on charts. Bolton is singer/songwriter who became popular in early 1990s by reviving soul sound of 1960s. Bolton and Andrew Goldmark wrote song "Love Is a Wonderful Thing" in early 1990; Bolton released it as single in April 1991 and as part of album thereafter. Bolton's song finished 1991 at forty-nine on *Billboard's* year-end pop chart. On suit by Isleys' publishing company, jury found infringement and allocated profits. On appeal, issue of access was threshold. Plaintiff's argument based on theory of widespread dissemination and subconscious copying. Court found evidence supported four ways defendants could have had access. Issue on jury verdict is whether reasonable minds could find that defendants had reasonable opportunity to hear plaintiff's song before they created their own. Agreeing that this is more attenuated case of reasonable access and subconscious copying than *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 722 F.2d 988 (2d Cir. 1983) (George Harrison's "My Sweet Lord" subconsciously copied The Chiffons' "He's So Fine"), court nevertheless found there was sufficient evidence for jury to find access.

Onofrio v. Reznor, Copyr. L. Rep. ¶ 28,057 (9th Cir. 2000)

Court affirmed district court's grant of summary judgment to defendant, who records and performs under the name Nine Inch Nails ("NIN"). Appellant claimed that NIN copied from three of his original songs sent to NIN. Appellant argued that district court improperly applied summary judgment standard and erroneously concluded that no triable issue existed as to access and substantial similarity. Court held that appellant's email messages to NIN only demonstrated that NIN expressed interest in hearing appellant's work and did not constitute proof of access. Court further held that appellant could not show access because he could not link his

endorsed check to Federal Express to delivery of tape to NIN. Further, because plaintiff failed to present any other evidence that defendant had more that "bare possibility" of access, no material issue of disputed fact was raised. Without access, plaintiff can prevail only if songs are strikingly similar. Appellant's expert provided neither fact nor analysis to establish "striking similarity" between songs. Lastly, expert failed to explain how arrangement or combination of allegedly unprotectable elements created original, protectable expression which was copied by NIN.

Fisher v. United Feature Syndicate, Inc., Copyr. L. Rep. ¶ 28,019 (10th Cir. 2000)

Plaintiff claimed RCA defendants, through use of photograph with dog named "Chipper," infringed his copyright in comic strip character of same name. Affirming dismissal, court concluded plaintiff failed to meet his "burden of establishing access by showing that defendant had a reasonable opportunity to view or copy the allegedly infringed work." Court also upheld dismissal of claim against Tyson Foods related to use of phrase "Chick 'N Chippers" on same basis.

Robinson v. New Line Cinema Corp., Copyr. L. Rep. ¶ 28,061 (4th Cir. 2000)

Fourth Circuit reversed and remanded district court decision granting summary judgment for defendant on plaintiff's claim regarding alleged infringement of screenplay by film *Set It Off*. Plaintiff submitted copy of screenplay "Sister Sarah" to manager of defendant's Acquisition Department. Manager logged details of script's submission into defendant's computer system. Thereafter, other writer submitted "Set It Off" script to executive in defendant's Productions Department having mandate to develop "black genre" films. Both screenplays were about black women committing armed robberies. Defendant passed on "Sister Sarah" but ultimately released movie based on "Set It Off" screenplay. Plaintiff brought action for copyright infringement. Reversing district court grant of summary judgment for defendant as to access, Fourth Circuit held it was reasonably possible that executive in Productions Department had access to copy of "Sister Sarah" script given by plaintiff to manager in Acquisition Department because (1) plaintiff proved that executive and manager worked in same building and two floors apart; (2) both attended same weekly meeting for defendant's executives; and (3) even though it could not be inferred that plaintiff's script was discussed at meetings, one could infer that executive was given special mandate to produce films of kind that were produced by plaintiff.

Herzog v. Castle Rock Entm't, 193 F.3d 1241 (11th Cir. 1999)

Eleventh Circuit affirmed district court's grant of summary judgment to film company and director upon conclusion that plaintiff/screenwriter failed to demonstrate that defendant/director had access to plaintiff's screenplay "Concealed" when defendants' screenplay "Lone Star" was written. Plaintiff admitted that she never submitted screenplay to defendants but alleged that defendants gained access through members of her graduate program thesis committee and others. Plaintiff asserted that she delivered her screenplay to committee members and others and that those parties attended 1993 Miami Film Festival with defendant/director. Relying on district court opinion, circuit court held that "mere fact that [plaintiff's] screenplay was physically in the same city in which [defendant/director] visited did not give him an opportunity to view the manuscript so as to constitute access, notwithstanding the bare physical possibility of such a view."

Tomasini v. Walt Disney Co., 84 F. Supp.2d 516 (S.D.N.Y. 2000)

Court dismissed claim of copyright infringement in gargoyle character designs and screenplay on ground that plaintiff offered nothing more than conjecture and speculation as evidence of Disney's access to work. Plaintiff alleged that during development of Disney's "Gargoyles" animated television series, Disney improperly copied plaintiff's copyrighted character designs and screenplay. Court held that evidence proffered by plaintiff was not significant, probative and affirmative to give rise to reasonable possibility of access because of (1) defendant's policy of refusing to consider unsolicited submissions; (2) statements under oath by defendant's employees responsible for enforcing submissions policy that they never received, reviewed or heard of submission of designs by plaintiff, and lack of evidence that such testimony was not truthful; (3) testimony of agent that he never presented "Gargoyles" concept to anyone at any time; (4) testimony by agent that primary company he "looked at" when marketing clients' properties was Fox; (5) failure of plaintiff to proffer evidence that agent maintained any business related contact with defendant; and (6) absence of evidence by plaintiff to counter denial by agent that he presented gargoyle character designs at Toy Fair. Further evidence proffered by plaintiff to prove connections between agent and defendant's personnel was indirect, court held.

Kerr v. New Yorker Magazine, 63 F. Supp.2d 320 (S.D.N.Y. 1999)

Court granted summary judgment to defendant artist and magazine on claims they copied plaintiff artist's ink drawing of man with "Mohawk" hairstyle in form of Manhattan skyline. Court found that reasonable jury

could infer access to plaintiff's drawing by defendants where plaintiff sent postcards of drawing to magazine, postcards were available in New York stores, plaintiff gave card to mutual acquaintance, and plaintiff attended defendant artist's gallery show in T-shirt printed with drawing. Events were "sufficient" for jury to find access "even if it is unlikely that she actually saw the image." But despite finding of access, court held that works were not substantially similar and had entirely different "concept and feel."

Berkla v. Corel Corp., 66 F. Supp.2d 1129 (E.D. Cal. 1999)

Court held that defendant Corel was entitled to summary judgment where plaintiff Berkla alleged Corel had infringed his copyrights in electronic databases of "virtual" plant life. With respect to certain programs that Berkla asserted to be infringing based on fact that they could be made to produce very similar images, court held that Berkla was precluded from asserting infringement because he had not submitted comparative reproductions of components of programs at issue. Moreover, although Berkla had shown access to finished designs, he had not shown access to program components. Court denied summary judgment to Corel on claims involving seventy-nine image files Corel conceded it had uploaded and distributed to its employees.

Wrench, LLC v. Taco Bell Corp., 51 F. Supp.2d 840 (W.D. Mich. 1999)

Court denied alternative basis for summary judgment on grounds of independent creation in case where contract-based claims arising from Taco Bell Chihuahua ads were held preempted by Copyright Act. Taco Bell alleged that third-party ad agency developed ads without knowledge of plaintiffs' earlier Chihuahua ad proposals, which Taco Bell had bargained for but never accepted. Where ad agency testimony supporting independent creation did not rule out possibility of access, because defendant received plaintiff's ideas before date of alleged independent creation, court looked to questions of access and similarity. Access to plaintiffs' ideas could be inferred from ad agency's contact with Taco Bell employees who had contact with plaintiffs. Court also found "Plaintiffs' ideas are not so dissimilar to Taco Bell's Chihuahua and commercials as to preclude any possibility of access" and denied summary judgment on independent creation grounds. But Court stated in footnote that "similarity exists only because Plaintiffs and Taco Bell both used the same breed of dog — Chihuahua — and Taco Bell food," and held in separate section that ideas at issue were not "novel or unique." Court never addressed question of copyrightability of idea of ad campaign.

B. Copying and Substantial Similarity

Attia v. Society of the New York Hosp., 201 F.3d 50 (2d Cir. 1999)

Affirming district court dismissal of infringement claim, Court of Appeals held that defendants did not copy plaintiff's architectural drawings. Defendant hospital engaged plaintiff architect as consultant on building project for new extension of hospital. Plaintiff submitted ideas for design of extension and prepared architectural drawings and sketches to present concept. Plaintiff was paid for services provided. However, hospital hired defendant architect to design and build extension. Plaintiff subsequently brought infringement action, arguing that defendant architect copied his drawings of extension. Drawings in plaintiff's work describe designs at a very general level of abstraction. Defendant's work is detailed expression of expansion program. Court concluded that there was no infringement because similarities in defendant's and plaintiff's works merely rested in preliminary ideas. Court also found substantial differences in drawings, including size and spacing, configuration and dimensions of extension as well as utilization of existing structures.

Procter & Gamble Co. v. Colgate-Palmolive Co., 199 F.3d 74 (2d Cir. 1999)

Court upheld lower court finding that Colgate-Palmolive advertisement featuring seashell demonstration to show plaque removal effects of toothpaste had not infringed Procter & Gamble copyright in television advertisement featuring egg demonstration. Lower court had examined public domain science experiments from 1960s featuring toothpaste and eggs and conventions in advertising industry, and had concluded that Colgate-Palmolive created its commercial independently. Court affirmed despite Procter & Gamble's argument that lower court's finding was "just another way of removing . . . work from copyright protection via the scenes à faire doctrine." Court noted that fact that elements of plaintiff's work display creativity necessary for copyright protection did not eliminate possibility of independent creation by alleged infringer. The less creative the original work, the stronger the inference that alleged infringer could have made same creative choices independently. In this case, creativity consisted only of efficient selection and arrangement of elements from public domain. This strengthened inference of independent creation.

Cadence Design Sys., Inc. v. Avant! Corp., No. 99-15048, 1999 U.S. App. LEXIS 18302 (9th Cir. July 13, 1999)

Court affirmed district court grant of preliminary injunction in case involving copyright in computer source code. Defendant argued that district court's analysis only considered *de minimis* elements of copyrighted work.

Appellate court noted that district court had not based its findings entirely on cited examples of similarity, and had not stated that these similarities were only similarities between works. Court stated it had never required district court to list all instances of substantial similarity. Moreover, even if quantitative amount of what had been copied was minor, plaintiff presented evidence that allegedly infringed portions were of "major significance," and district court's acceptance of this evidence was not clearly erroneous. District court properly applied Ninth Circuit's "extrinsic-intrinsic" test for substantial similarity.

Segrets, Inc. v. Gillman Knitwear Co, Inc., 207 F.3d 56 (1st Cir. 2000)

First Circuit affirmed district court finding that design of two of defendant's knock-off sweaters was substantially similar to plaintiff's copyrighted design, and remanded other issues for jury trial. Trial court granted summary judgment to plaintiff as to defendant's actual copying of two sweater designs, and as to substantial similarity of one of defendant's sweaters to plaintiff's design. Magistrate judge denied defendant's motion for jury trial on similarity issue and, applying "ordinary observer" test, found second sweater, as well as third sweater in certain color combination, substantially similar to plaintiff's designs. On appeal from finding of liability, First Circuit affirmed summary judgment as to actual copying of both of plaintiff's designs, noting defendant had purchased plaintiff's sweaters and sent them to overseas manufacturer as models for defendant's products. There were, furthermore, more than sufficient articulable similarities to justify finding of copying. Court also affirmed summary judgment of substantial similarity of defendant's first sweater to plaintiff's design; intricately patterned designs at issue were "virtually identical, the sole noticeable difference being the colors." Minor changes, such as moving of buttons, incorporated into second sweater did not overcome "conclusion of overall similarity ordinary observer 'inevitably' has" viewing design side-by-side with plaintiff's. Magistrate's finding of substantial similarity as to second sweater, accordingly, was appropriate under directed verdict standard. As to third sweater, which varied more noticeably in pattern and texture from plaintiff's design, evidence did not meet directed verdict standard, and finding of substantial similarity was vacated and remanded for jury trial.

Robinson v. New Line Cinema Corp., Copyr. L. Rep. ¶ 28,061 (4th Cir. 2000)

Fourth Circuit reversed and remanded district court decision granting summary judgment for defendant on plaintiff's claim regarding alleged infringement of screenplay by film *Set It Off*. Plaintiff submitted copy of screenplay "Sister Sarah" to manager of defendant's Acquisition Depart-

ment. Manager logged details of script's submission into defendant's computer system. Thereafter, other writer submitted "Set It Off" script to executive in defendant's Productions Department having mandate to develop "black genre" films. Both screenplays were about black women committing armed robberies. Defendant passed on "Sister Sarah" but ultimately released movie based on "Set It Off" screenplay. Plaintiff brought action for copyright infringement. Reversing district court grant of summary judgment for defendant as to substantial similarity, Fourth Circuit held reasonable jury could conclude that "Sister Sarah" and "Set It Off" are substantially similar because (1) in both screenplays overriding theme of violent reaction against perceived socioeconomic and racial injustices of society experienced by lower income black women is expressed through substantially similar elements; (2) both screenplays begin with examples of perceived injustices; (3) characters respond to allegedly unfair treatment by organizing friends to conduct armed robberies; and (4) both screenplays end with robberies at places of employment of characters' male love interests and escape of these characters abroad. Fourth Circuit held that even though district court may be correct that in contrast to "Set It Off," after reading "Sister Sarah" lay observer will not become attached to characters, will not understand why gang was committing crimes and will not feel sympathy for them, intrinsic dissimilarities between works not so great as to permit court to hold for defendants on "total concept" of screenplays.

Fisher v. United Feature Syndicate, Inc., Copyr. L. Rep. ¶ 28,019 (10th Cir. 2000)

Plaintiff claimed that United Feature Syndicate and Metropolitan Life Insurance Company infringed his copyright in comic strip character, cowardly canine detective named Chippers, by depicting Snoopy as Sherlock Holmes-styled character in "It's a Mystery Charlie Brown." Court affirmed dismissal of claim because plaintiff failed to show sufficient similarity to satisfy abstraction-filtration-comparison test. Court observed, "even if we were to assume that defendants copied portions of [plaintiff's] work, we cannot conclude that those portions are 'protected expression and of such importance to the copied work that the appropriation is actionable.'" Court rejected plaintiff's parallel analysis test, which offered side-by-side comparison between characters. Court held Sherlock Holmes-styled depiction is common idea in public domain which, under "scenes à faire" doctrine, was not entitled to protection.

Homan v. Clinton, Copyr. L. Rep. ¶ 27,980 (6th Cir. 1999)

Panel affirmed dismissal of copyright infringement suit as frivolous. Plaintiff sued President, Vice President, U.S. Government, Democratic Party *et*

al. alleging use in 1996 Presidential campaign of slogan "Building Bridges to the 21st Century" infringed plaintiff's article with similar theme containing motto "Building Bridges to the Future." Court, after noting merger doctrine and lack of copyright protection for fragmentary words and phrases, held plaintiff did not present evidence sufficient to establish access to article by defendants. Further, plaintiff's motto and campaign slogan were not substantially similar, so claim would fail even if access were established. Action amounted to attempt to establish copyright protection for idea or general concept.

King v. Ames, 179 F.3d 370 (5th Cir. 1999)

Daughter of musician Freddie King brought copyright claims against music producer based on producer's marketing of her deceased father's recordings. Jury found in favor of daughter but court ordered judgment for defendant. Court of Appeals affirmed, holding that daughter failed to provide sufficient evidence of substantial similarity between copyrighted works and works at issue to permit reasonable jury to find in her favor. Citing opinions from Fifth and Second Circuit appellate courts, court stated that original and copy must be compared side-by-side to assess substantial similarity. Here daughter's "failure to adduce evidence for such a comparison vitiate[d] her claim" and judgment as matter of law was appropriate.

Herzog v. Castle Rock Entm't, 193 F.3d 1241 (11th Cir. 1999)

Adopting district court's opinion, Eleventh Circuit affirmed district court's grant of summary judgment to defendants, film company and director, upon concluding that similarities between plaintiff's copyrighted "Concealed" screenplay and defendants' "Lonestar" screenplay consisted of either non-copyrightable elements or elements that could not be considered similar. Plaintiff primarily contended that screenplays contained similar characters, theses, plots, settings, and moods and paces. As to characters, court held that fact that both screenplays contained two protagonists, who were law enforcement officers, and two antagonists, their fathers as sheriffs, was not copyrightable in particular because specific expressions of characters differed greatly. Shared theme that "past has the power to influence the present" also was not copyrightable. Familiar plots in both that murder investigation revealed corrupt past of small town was not copyrightable. As to settings, court held that there was nothing unique about setting in small towns and that towns in both screenplays, one in Waukeena, Florida and other Rio County, Texas, were quite different. Finally, court determined that moods and paces were different in that "Concealed" was "rapid and tense" action/adventure while "Lonestar" was

thoughtful/reflective film. Thus, court found no substantial similarity between screenplays.

Aaron Basha Corp. v. Felix B. Vollman, Inc., 88 F. Supp.2d 226 (S.D.N.Y. 2000)

On cross-motions for partial summary judgment in action by one marketer of fine jewelry against another, court dismissed count of copyright infringement concerning design of baby shoe jewelry pendants made of gold or silver, some decorated with enamel and precious gemstones. Defendant contended that court should apply "more discerning" substantial similarity test in which only copyrightable elements are compared. But since Second Circuit had limited this test to works utilizing substantial portion from public domain, court rejected this test and instead considered works as whole. Court said that "total concept and feel" test was particularly compelling in case where expressive selection, coordination and arrangement of unprotectable elements might itself be protectable. Regarding pendants, court held that ordinary observer would find differences sufficiently significant, and similarities sufficiently minimal, that there was no substantial similarity as matter of law.

Queenie, Ltd. v. Casual Corner Group, Inc., 79 F. Supp.2d 328 (S.D.N.Y. 1999)

District court denied plaintiff's motion for summary judgment in design infringement case, stating that defendant's design lacked requisite level of similarity. Plaintiff, ladies' clothing manufacturer, claimed that defendant women's clothing retailer copied plaintiff's tile design. Both designs consisted of boxes with ripped edges, arranged in checkerboard pattern. Although declining to rule on validity of plaintiff's copyright, court noted that box or rip cannot be copyrighted, and refused to grant plaintiff sole use of box shape with ripped edges for next seventy years. Most similarities resulted from similarities in ideas and general concepts, and court concluded that defendant's design was not substantially similar in expression because there were differences in shape of boxes, shading and rips themselves.

Kerr v. New Yorker Magazine, 63 F. Supp.2d 320 (S.D.N.Y. 1999)

In case alleging copying of plaintiff's drawing of man with "Mohawk" hairstyle in form of Manhattan skyline by defendant artist and magazine, court held that evidence of access to plaintiff's work was sufficient, but works were not substantially similar. Court granted summary judgment to defendants on grounds that "idea of the New York City skyline on someone's head" and common elements of eyes, nose, mouth, profile and certain buildings were uncopyrightable, and works were not otherwise

similar. Plaintiff's drawing was black-and-white, in three-quarter profile, and had "aggressive and street-smart appearance." Defendant's work was in color with fully realized background, showed true profile, represented buildings in skyline in different order, and added other elements such as facial piercing. Accordingly, there was no substantial similarity between images as matter of law.

Sandberg & Sikorski Corp. v. Andin Int'l, Inc., 50 U.S.P.Q.2d 1699 (S.D.N.Y. 1999)

Following bench trial, district court held that defendant's jewelry design of mother and child was not substantially similar to plaintiff's copyrighted jewelry designs where, excluding key unprotectable elements — subject matter of mother and child and heart shape — "total concept and feel" of works was different. Court made laundry list of differences, including (1) defendant's more abstract representation of mother and child; (2) clean, flowing look of defendant's jewelry; and (3) different orientation of defendant's mother and child. Court found key elements unprotectable because that heart shape and mother/child motif were endemic to jewelry business. Court earlier dismissed defendant's counterclaim for infringement on similar grounds. In strange factual twist, defendant had purchased rights to sculpture on which plaintiff's pendant was allegedly based and counterclaimed for infringement. Finding that similarities between sculpture and jewelry were unprotectable elements, court granted summary judgment dismissing defendant's counterclaim.

Gibson Tex, Inc. v. Sears Roebuck & Co., 11 F. Supp.2d 439 (S.D.N.Y. 1998)

On cross-motions for summary judgment in action by fabric designer against alleged infringer, court upheld copyrightability of derivative fabric design based on public domain original where plaintiff claimed that it reduced pattern of original so that "repeat" of design would fit wider sheet of fabric, and repeat measurements and figure dimensions were not identical to original. However, plaintiff was not entitled to summary judgment on infringement claim because "where a plaintiff closely models its work after a design in the public domain, the showing of imitation must be stronger than usual and even small variations may protect a subsequent designer from infringement." Court quoted Professor Nimmer to state that "the fact that the common idea is only capable of expression in a more or less stereotyped form, will preclude a finding of actionable similarity." Here, repeat width of defendant's fabric was substantially different from plaintiff's. Since this was main protectable element of plaintiff's design, court denied summary judgment.

Duffy v. Penguin Books USA, Inc., 4 F. Supp.2d 268 (S.D.N.Y. 1998)

Court granted defendants' motion for summary judgment in action involving claim centered on alleged improper appropriation of categorization scheme, H-O-A-X system, used to describe shape of women's bodies in plaintiff's book on fashion for large-size women. While defendant author concededly had access to, and photocopied portions of, plaintiff's work, similarities between plaintiff's and defendants' works were ascribable to overlapping subject matter of works and were insufficient to constitute improper appropriation. Idea that women's bodies come in four types was not protectable. Furthermore, defendant's work, unlike plaintiff's, did not employ body-type schema as organizing principle, nor did it otherwise impermissibly track structure of plaintiff's work or appropriate its fundamental essence. Written statements by defendant author to defendant publisher describing plaintiff's work as "predecessor" to defendants' work, and stating changes had been made to manuscript "so people won't sue me for getting too close to their verbiage" did not create presumption, or even constitute evidence, of improper appropriation.

Blue Ribbon Pet Prods., Inc. v. Rolf C. Hagen Corp., 66 F. Supp.2d 454 (E.D.N.Y. 1999)

Plaintiff sued U.S. company and its Canadian parent for infringement of plaintiff's copyrighted aquarium ornaments. In finding substantial similarity, court applied ordinary observer test, and because works include both protectable and unprotectable elements, court also applied more discerning observer test. Latter excludes unprotectable elements from consideration and asks whether "the copying is quantitatively and qualitatively sufficient to support a finding of infringement." Under either test, defendant's ornaments and catalogs and catalog sheets were substantially similar to plaintiff's copyrighted sketches "not only in shape, layout, and overall appearance, but in particular expression of their concepts" and substantially similar to plaintiff's copyrighted three-dimensional ornaments "given the close resemblance of the ornaments in color, shape, configuration, and overall appearance and in the particular expression of their concepts."

Arpaia v. Anheuser-Busch Cos., Inc., 55 F. Supp.2d 151 (W.D.N.Y. 1999)

Granting summary judgment to Budweiser beer manufacturer and advertising agencies, district court concluded that alleged copying of copyrighted frog-theme television commercial scripts did not result in substantial similarity based on differences between "attributes and traits" of parties' frogs and in "total concept and feel" of two works. Plaintiff

alleged that its seven scripts submitted to maker of Budweiser beer were copied and incorporated into well-known beer campaign that aired in January 1995. District court concluded that there existed triable issue of fact as to whether defendants actually copied frog scripts, including evidence that beer maker had access to scripts prior to creation of own commercials and there existed probative similarity between aired commercials and plaintiff's scripts. Nevertheless, court granted summary judgment on ground that no substantial similarity existed between works. Court found that mere idea of using frog to promote beer was not subject to copyright protection. Only similarity between frogs was fact that plaintiff's frog says "BUD BUD" and defendants' frog said "Bud," "weis" and "er." Plaintiff's frogs displayed "hip" attitude and appearance with semi-human look. However, defendants' frogs had almost nothing in common with plaintiff's in that they had no "human" qualities.

Smart Inventions, Inc. v. Allied Communications Corp., 94 F. Supp.2d 1060 (C.D. Cal. 2000)

Court granted plaintiff's motion for preliminary injunction prohibiting airing of defendants' television commercial. Plaintiff and defendants both manufactured "disk-shaped battery-operated light that illuminates when its dome is pressed." Plaintiff alleged that defendants' two-minute television commercial for "Click Light" infringed copyright in plaintiff's two-minute commercial for "Tap Light." Defendants did not dispute validity of plaintiff's copyright or that they had access to plaintiff's commercial, but argued that ads were not substantially similar with regard to eleven elements allegedly copied by defendants. Court found certain alleged similarities, *i.e.*, "that the Light is battery-operated, water resistant, and turns on and off with a tap on the dome," "that the Light can be either placed on a flat surface or mounted on a wall," and that competitors advertise same light at higher price, to be uncopyrightable facts. Similarly, idea that light can be mounted in closet was merged with expression of scene depicting light mounted in closet, and court declined to consider alleged similarity of this scene since defendants did not depict idea in identical manner to plaintiff. Idea of using light in vehicle was also expressed differently by defendants. Further, plaintiff's use of close-up of print advertisement showing competitor's product at higher price constituted "scenes à faire in the direct mail/telephone marketing context." However, court granted preliminary injunction based on other similarities in expression, *i.e.*, in first scene in both parties' commercials, which depicted "the use of the Light as a nighttime visual aid in the bedroom," in expression of idea "that the Light can be used to illuminate a stairwell," in use of lights along outdoor walkway leading to double front door of house, and in use of scrolling list of words on left side of screen moving in upward direction.

Educational Testing Serv. v. Simon, Copyr. L. Rep. ¶ 27,918 (C.D. Cal. 1999)

Defendants enjoined from use of plaintiff's standardized test questions in test preparation seminars. Plaintiff, developer of several types of standardized tests, sued defendants, co-operators of test preparation service, for unauthorized use of questions from plaintiff's "MSAT" examination. MSAT, administered by several states to test general knowledge and skills for potential elementary school teachers, consisted of multiple choice and essay questions. All MSAT test forms were registered with Copyright Office, under special secure test procedures. Since defendants could not access test questions prior to administration of exam, they gathered test question information from former prep course students who took MSAT. Once defendants gathered significant information from word of mouth, they developed sample questions that were used in defendants' "Best-Prep" course. In finding that defendants copied plaintiff's test, court held that defendants acquired access to MSAT questions through students. On issue of substantial similarity, court dismissed argument that there was no verbatim copying in this case. Court concluded that defendants' prep course materials were substantially similar to MSAT in that side-by-side comparisons showed that defendant copied "creative heart" of questions.

Brown v. McCormick, 87 F. Supp.2d 467 (D. Md. 2000)

Defendants Universal City Studios, Inc. and Amblin Entertainment hired defendant McCormick, professional quilter, as technical consultant for film *How to Make an American Quilt*. McCormick engaged plaintiff to create fifteen "quilt block" designs, under agreement that authorized studio to make and use in film one quilt based on designs, in which plaintiff retained copyright. Defendants produced second quilt incorporating quilt block which "borrowed basic design" of one of plaintiff's blocks, and used both quilts in film as well as promotional and advertising campaign. Plaintiff sued, alleging, *inter alia*, that "borrowed" block infringed her copyright. Court found "ordinary observer," focusing on overall similarities, would conclude that second block was taken from plaintiff's design. Thus second block, despite some differences, was substantially similar to plaintiff's design; human and animal figures shown in two blocks were essentially identical. Further, McCormick had consulted plaintiff's design, among other sources, before designing second block, and made numerous statements attributing design to plaintiff. In book about production of film, McCormick had stated that second block was "duplication" of plaintiff's design, and caption below photo of block in book stated it was designed by plaintiff. McCormick thus created second block by copying "essential design" of plaintiff's work. Accordingly, all displays of quilt

containing second block were infringing, including display in film, on T-shirts and tote bags promoting film, and in tie-in book.

Waite v. Patch Prods., Inc., Copyr. L. Rep. ¶ 28,042 (W.D. Mich. 2000)

Court granted defendants' motion for summary judgment on basis that defendants' game, Tribond, was not substantially similar to plaintiff's copyrighted game, Common Ground, which utilizes word association. Plaintiff asserted that defendants' game copied large percentage of words and word relationships in her game and proffered statistician's report demonstrating pattern of similarity. Court held that even if defendant had access to game, plaintiff did not meet burden of proving substantial similarity under ordinary observer test. Ordinary observer test requires that similarity of two works be judged solely on trier of fact's "net impression and without relying on expert analysis or dissection." Court held that reasonable layperson could not find substantial similarity due to differences between words and context in which words are used in two games.

Fisher v. United Feature Syndicate, 37 F. Supp.2d 1213 (D. Colo. 1999)

Using "abstraction-filtration-comparison" test used by Tenth Circuit, court held *pro se* plaintiff failed to establish substantial similarity between his "Chipper" cartoon dog and several other cartoons. Plaintiff had failed to show that similarities between "Snoopy" cartoon dog and "Chipper" cartoon dog, including concept of cowardly detective dog and use of allegedly copied misspellings "Baratry" and "Repleven," would satisfy "ordinary observer" standard of test. Court also dismissed allegations that two other defendants had infringed "Chipper" because plaintiff failed to allege or establish defendants' access to plaintiff's work (although plaintiff did allege that one defendant's subsidiary had access). Court also held that plaintiff had not established copyright infringement where allegations of substantial similarity pertained only to similarities in titles of characters and comic strips.

Segrets, Inc. v. Gillman Knitwear Co., 42 F. Supp.2d 58 (D. Mass. 1998), *modified*, 207 F.3d 56 (1st Cir. 2000)

Magistrate judge found two knock-off sweaters infringed plaintiff's copyrighted designs. District court had previously granted summary judgment to plaintiff on issue of actual copying. For first sweater, defendant purchased sample of plaintiff's sweater and instructed its manufacturer to copy it except for color. When plaintiff complained of knock-off version, defendant made modifications to design with goal of retaining look and feel of original version. Defendant similarly obtained sample of plaintiff's second sweater and used it as model for its own garment, but changed certain stitches, color patterns and lengths. One of three color combina-

tions in which defendant offered second sweater was, however, strikingly similar to that of plaintiff's design. Magistrate held color scheme to be integral part of copyrightable expression in plaintiff's designs. Magistrate found design of defendant's first sweater would appear to ordinary observer to be substantially similar to that of plaintiff's sweater from which it was copied, despite changes, including moving of buttons and other minor changes, and despite lack of similarity of color. Magistrate, however, found ordinary observer would perceive second sweater, with its greater variation in pattern and texture, to have same aesthetic appeal as plaintiff's only in version which closely reproduced color scheme of plaintiff's design.

Whitehead v. Paramount Pictures Corp., 53 F. Supp.2d 38 (D.D.C. 1999)

Former low-level CIA agent claimed that film and novelization *Mission: Impossible* and film *Bad Company* infringed autobiographical account of seven years with CIA. Court granted summary judgment to defendants on grounds that no reasonable trier of fact could find works substantially similar. With respect to plaintiff's work and *Bad Company*, characters were not similar on basis of race, intelligence, paranoia or athleticism, which are non-copyrightable elements. Plaintiff was also low-level communications specialist, while film character was high-level agent. Court called paranoia in CIA context non-copyrightable scene a faire. Plot and setting were not similar except with respect to concepts or ideas such as presence of prostitution, depicted very differently, or setting in "major city on a lake front with tall buildings." Overall feel and concept differed where plaintiff's work gave "detailed, meandering narration" of day-to-day life and film was suspense thriller built on surprise. Court found virtually every similarity alleged is not at all similar or is element not copyrightable because it is fact, idea or scenes à faire. With respect to *Mission: Impossible*, characters were not similar on basis of short black hair, slight paranoia, and patriotism, where plaintiff was black man who dedicated much of memoir to issues of race, while *Mission: Impossible* character was white man who never faced prejudice. Plot and setting differed where faked death in thriller bore no resemblance to conspiracy theory discussed cursorily in plaintiff's work and "super-human, life-threatening escapes" bore no resemblance to plaintiff's story. Similarity, if any, in descriptions of CIA headquarters resulted not from copying but from fact that works both depicted same place; layout is factual matter not subject to copyright. Overall concept and feel differed as with *Bad Company*.

Berkla v. Corel Corp., 66 F. Supp.2d 1129 (E.D. Cal. 1999)

Court held that defendant Corel was entitled to summary judgment where plaintiff Berkla alleged Corel had infringed his copyrights in electronic

databases of "virtual" plant life. Berkla's copyrights in databases were "weak" because there were only limited ways to express idea of virtual plant life. Even though Berkla made "arguably strong inferential showing of Corel's use of Berkla's work as model," Berkla was unable to show that Corel works satisfied "virtual identity" standard applicable to weak copyrights. Under "virtual identity" test, "extrinsic" portion of test permits dissection of elements of work to separate out unprotected elements and "intrinsic" portion looks at reaction of reasonable observer to determine whether such observer would believe that works at issue are virtually identical when viewing them as whole. Similarities between parties' works lay in "those elemental aspects of the natural objects that are stereotypical and hence unprotectable." In applying test, court noted this was not "cross media" case although Berkla had hand crafted his images, while Corel had scanned in photographs. Both parties worked in medium of "digital art." Court denied summary judgment to Corel on claims involving seventy-nine image files Corel conceded it had uploaded and distributed to its employees.

C. Computer Works

Tradescape.com v. Shivaram, 77 F. Supp.2d 408 (S.D.N.Y. 1999)

Court granted plaintiff's motion for preliminary injunctive relief, enjoining defendant from utilizing, divulging, copying, recreating, licensing and/or modifying software based on plaintiff's copyrighted programs. Plaintiff, securities broker/dealer, ran day trading operation, and hired defendant Shivaram as software development consultant. Defendant left to form own day trading business and developed Bulldog, competing computer software program. Plaintiff sued, claiming Bulldog infringed copyright in plaintiff's software. On motion for preliminary injunction, court found irreparable harm presumed for plaintiff because of registered copyright and that balance of hardships tipped in plaintiff's favor. On issue of likelihood of success on merits, court rejected defendant's arguments concerning copyright registration, finding evidence not sufficiently strong to overcome presumption of validity. Turning to substantial similarity of works, court followed *Computer Assocs. Int'l v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992), and applied "abstraction-filtration-comparison" analysis to works. In *Altai*, test analyzed non-literal aspects only, while here issues also involved literal elements of programs. Finding matter to be one of first impression in circuit, court found reasoning of Tenth and Eleventh Circuits persuasive, and applied *Altai* test to both literal and non-literal elements of software. Court found substantial evidence of literal copying, but could only find, at this preliminary stage, that there were serious questions of fact regarding copying of non-literal elements. Since plaintiff had shown irreparable injury and sufficiently serious questions going to merits to

make them fair grounds for litigation, along with balance of hardships tipping in its favor, motion for preliminary injunction granted.

OP Solutions, Inc. v. Intellectual Prop. Network, Ltd., 52 U.S.P.Q.2d 1818 (S.D.N.Y. 1999)

Court held that defendant's WorldMark trademark docketing software infringed screen displays of plaintiff's PATTSY software. Arrangement and selection of fields on defendant's screens was "substantial departure" from its prior programs, found court, and not even "trivially different" from plaintiff's arrangement and selection. Although court applied "trivial difference" standard to entire works, not simply protectable aspects of works, and found more than trivial differences in many features, overall compilation of screens was infringing.

Computer Generated Solutions, Inc. v. Koral, 51 U.S.P.Q.2d 1360 (S.D.N.Y. 1998)

Court refused to grant summary judgment to either plaintiff or defendant in case involving allegation of unauthorized use of copyrighted software. Issues of material fact as to nature of copyrighted work prevented grant of summary judgment where plaintiff was unable to produce copy of software as deposited with copyright office. Summary judgment for defendant was not proper where fact issues remained as to whether computer software was sold or licensed to defendant's predecessor in interest.

Adobe Sys., Inc. v. One Stop Micro, Inc., 84 F. Supp.2d 1086 (N.D. Cal. 2000)

Plaintiff software manufacturer brought copyright infringement action against defendant retailer because defendant acquired and sold educational versions of plaintiff's software to non-educational end users. Defendant asserted plaintiff's action was barred by Copyright Act first sale doctrine, providing sale of lawfully made copy terminates copyright holder's authority to interfere with subsequent sales or distribution of that copy. Plaintiff's agreement was with authorized educational resellers from whom defendant's copies were acquired. Court denied defendant's motion for summary judgment, holding agreement was licensing agreement not subject to first sale doctrine. Court concluded numerous restrictions in agreement indicated license rather than sale because they "undeniably interfere with reseller's ability to further distribute the software." Extrinsic evidence of industry practice was admitted to show licensing agreements frequently use sales terminology and that licensing agreements are preferred for distributing software. Holding defendant had committed copyright infringement through its admitted distribution, court granted summary judgment to plaintiff.

Ticketmaster Corp. v. Tickets.com, Inc., 54 U.S.P.Q.2d 1344 (C.D. Cal. 2000)

Plaintiff offers ticket sales and information for events such as concerts and ballgames on its website. Defendant's website offers event listings and ticket sales, and provides links to plaintiff's website for events where plaintiff is exclusive ticket broker. Plaintiff alleged infringement based on three separate acts by defendant: (1) copying entire pages from plaintiff's website for purposes of extracting factual data; (2) republication of factual data on defendant's own website; and (3) allowing users to "deep link" to internal pages of plaintiff's site when defendant was not able to provide tickets for particular events. Defendant moved to dismiss and court denied motion with respect to copyright claim "because the complaint alleges actual copying" with respect to intermediate copying of plaintiff's pages onto defendant's server prior to extraction of facts. Court rejected allegations as to republication and deep linking, however, since "copyright may not be claimed to protect factual data" and linking itself does not violate Copyright Act "since no copying is involved."

Telecomm Tech. Servs., Inc. v. Siemens Rolm Communications, Inc., 51 U.S.P.Q.2d 1793 (N.D. Ga. 1999)

Siemens alleged software copyright infringement by plaintiff TTS when TTS, independent service provider (ISO), performed service tasks on Siemens branded PBXs that required reloading of Siemens software into clients' RAM, thereby making alleged unauthorized copy of software. Court previously granted TTS' motion for summary judgment, finding that Siemens' end users were "owners" of copyright [sic] (copies) of Siemens' software and thus non-infringers under § 117 of Copyright Act. Court also found Digital Millennium Copyright Act of 1998 ("DMCA"), which exempts copying in course of service and repair of machines, applied retroactively and foreclosed Siemens' claim. Retroactive application of DMCA reasonable under test enumerated in *Landgraf v. USI Film Prods.*, 511 U.S. 244 (1994), namely whether statute "would impair rights a party possessed when he acted, increase a party's liability for past conduct, or impose new duties with respect to transactions already completed." Through DMCA, Congress created safe harbor for certain types of software copying in connection with maintenance and repair of computers. Thus, DMCA created no new duties or regulations not contemplated by TTS at time it acted. Court also found legislative history demonstrated that Congress "clearly intended" DMCA to apply retroactively. On motion to reinstate copying claim in light of recent decision in *DSC Communications Corp. v. Pulse Communications, Inc.*, 170 F.3d 1354 (Fed. Cir. 1999), Siemens argued Federal Circuit implicitly held that DMCA did not apply retroactively because *DSC Communications* did not mention or rely upon

DMCA. Court noted that facts in *DSC Communications* did not include copying of software in connection with service or maintenance of computers. Thus, DMCA was inapplicable to facts in *DSC Communications* and logically not mentioned by Federal Circuit as basis for decision. Court denied motion to reinstate Siemens' claim.

D. Contributory/Vicarious Infringement

Blue Ribbon Pet Prods., Inc. v. Rolf C. Hagen Corp., 66 F. Supp.2d 454 (E.D.N.Y. 1999)

Plaintiff sued U.S. company and its Canadian parent for infringement of plaintiff's copyrighted aquarium ornaments. Canadian parent not liable for production and distribution of infringing goods in Canada because U.S. copyright laws have no extraterritorial application. Defendant, however, can be liable for contributory infringement for acts committed outside United States "by inducing or contributing to another's infringement occurring in the United States by supplying such other person with the instruments for committing the infringement, provided the defendant knew or should have known that the other would or could reasonably be expected to commit the infringement." Court held Canadian defendant induced or contributed to U.S. subsidiary's infringement where Canadian company procured infringing ornaments and display cards from Japan and sent ornaments, display cards, catalog sheets and catalogs to U.S. subsidiary when it knew or should have known U.S. company could reasonably be expected to commit infringement.

Educational Testing Serv. v. Simon, Copyr. L. Rep. ¶ 27,918 (C.D. Cal. 1999)

Defendants enjoined from use of plaintiff's standardized test questions in test preparation seminar. Plaintiff, developer of several types of standardized tests, sued defendants, co-operators of test preparation service, for unauthorized use of questions from plaintiff's "MSAT" examination. MSAT, administered by several states to test general knowledge and skills for potential elementary school teachers, consisted of multiple choice and essay questions. All MSAT test forms were registered with Copyright Office, under special secure test procedures. Defendant Simon had primary responsibility for preparing course materials. Simon used test question information that she received from former students to create materials. Defendant Bornstein assisted in compiling and reviewing course materials. Moreover, Bornstein relayed MSAT test question information that he received from students. Court held that "each individual defendant is vicariously and contributorily liable for the actions of the other as part of their joint enterprise because each had a financial interest in the success of the

other's teaching and the success of Best-Prep." In addition, court determined that Bornstein was contributorily liable for Simon's use of MSAT questions materials because he assisted in marketing program and helped students memorize copied MSAT questions.

Eiben v. A. Epstein & Sons Int'l, Inc., 57 F. Supp.2d 607 (N.D. Ill. 1999)

In case involving allegedly infringing use and reproduction of architectural plans in connection with renovation and alteration of building, court provisionally granted defendants' motion to exclude evidence of infringement by third party contractor which plaintiff alleged provided basis of claims for contributory infringement and vicarious liability by defendants because claims for contributory infringement and vicarious liability were not stated by plaintiff in complaint or in Final Pretrial Order. Court, however, made exclusion of evidence of third party infringement conditional on plaintiff's being unable to adequately explain evidence and its asserted relevance to proceeding.

Intellectual Reserve, Inc. v. Utah Lighthouse Ministry, Inc., 75 F. Supp.2d 1290 (D. Utah 1999)

Under doctrine of contributory infringement, court enjoined website from posting URL's of third-party sites known to contain infringing copies of Mormon Church's *Church Handbook of Instructions*. Citing *Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc.*, 443 F.2d 1159 (2d Cir. 1971), court defined contributory infringement as inducing, causing, or materially contributing to infringing conduct of third parties, "with knowledge of the infringing activity." As to operators of third-party sites that actually posted Church material, court concluded that defendants did not induce, cause or contribute to unauthorized postings. As to individual users who visited infringing sites, however, court held that defendants' actions did "actively encourage" direct infringement by these users, because under *MAI Sys. Corp. v. Peak Computer, Inc.*, 991 F.2d 511 (9th Cir. 1993), each time users browse infringing sites, copies of infringing material are made in RAM memory of their computers, "and in making a copy, even a temporary one, the person who browsed infringes the copyright." By encouraging users to visit pirate sites, defendants thus induced infringement.

E. Derivative Works

Kennedy v. National Juvenile Detention Ass'n, 187 F.3d 690 (7th Cir. 1999)

Court affirmed defendants' motion to dismiss for failure to state claim. Parties entered into agreement whereby plaintiff was to conduct study of juvenile justice requirements of Illinois' Seventh Judicial Circuit, and sub-

mit written report of findings. Agreement provided that plaintiff could copyright materials produced, but granted defendant irrevocable license to "reproduce, publish, and use" materials. When plaintiff submitted draft of report, defendants requested certain revisions, which plaintiff refused to make. Defendants produced revised version of report, which was published as official version. Plaintiff sued for copyright infringement. District court found that term "use" in agreement must give defendants rights beyond reproduction and distribution, and that absence of specific grant of right to produce derivative works was irrelevant in light of agreement's broad grant of authority to defendants. Appeals court, construing contract under Wisconsin law, found that, in context of agreement, grant of license to "use" plaintiff's report necessarily included right to prepare derivative works. Dissent, in later-issued opinion, argued that vague term "use," instead of statutory term "derivative works," indicated parties meant something other than prepare derivative works. In light of ambiguity, dissent would remand for proof of intent.

Tiffany Design, Inc. v. Reno-Tahoe Specialty, Inc., 55 F. Supp.2d 1113 (D. Nev. 1999)

Court granted plaintiff's motion for partial summary judgment, finding that defendant's creation of scanned precursor image of Las Vegas cityscape photograph violated plaintiff's right to reproduce its copyrighted works. However, court denied plaintiff's motion for partial summary judgment on claim that defendant violated plaintiff's right to create derivative works, asserting that issue should go to trial. Plaintiff, producer of videos, calendars, postcards and posters, created photographs of Las Vegas strip. Defendant, producer of similar products, scanned plaintiff's photographs into computer and digitally altered image. Court held that defendant's act of loading plaintiff's image onto its computer for further graphic manipulation resulted in making of unauthorized copy of plaintiff's work, and thus violated plaintiff's right of reproduction. On issue of derivative works, court determined that defendant modified elements of scanned photograph before inserting them into infringing works. Court concluded, however, that issue of whether defendant used sufficient amount of recognizable elements from photograph to constitute infringing derivative work must be determined at trial.

F. Miscellaneous

National Football League v. PrimeTime 24 Joint Venture, 54 U.S.P.Q.2d 1569 (2d Cir. 2000)

Second Circuit held that secondary transmission of copyrighted television programming (*viz.*, NFL football games) made by U.S. satellite carrier to

Canada was public display or performance in United States and thus constituted infringement. Court adopted reasoning of Seventh Circuit in *WGN Cont'l Broad. Co. v. United Video, Inc.*, 693 F.2d 622, 624-25 (7th Cir. 1982), that "Copyright Act defines 'perform or display . . . publicly' broadly enough to encompass indirect transmission to the ultimate public." Court also endorsed opinion in *David v. Showtime/The Movie Channel, Inc.*, 697 F. Supp. 752, 759 (S.D.N.Y. 1988), that "Congress intended the definitions of 'public' and 'performance' to encompass each step in the process by which a protected work wends its way to its audience." Court found that it was "clear" that "uplink transmission of signals captured in the United States" was step by which NFL's protected work reached public audience. Court accorded "little weight" to contrary view suggested by Ninth Circuit in *Allarcom Pay Television, Ltd. v. General Instrument Corp.*, 69 F.3d 381, 387 (9th Cir. 1995), that copyright infringement does not occur until signal is received by viewing public, because Ninth Circuit decision was made in context of preemption analysis and "contain[ed] no analysis of the Copyright Act."

Infinity Broad. Corp. v. Kirkwood, 63 F. Supp.2d 420 (S.D.N.Y. 1999)

Court held defendant, operator of dial-up "listen line" service, did not come within § 111(a)(3) passive carrier exemption from liability for infringement of copyright in radio broadcasts. Service enabled subscribers to listen, for fee, to radio broadcasts in remote cities by calling telephone number in desired city, then tuning to desired station using telephone keypad. Court rejected plaintiff's contention that exemption is limited to technology in existence at time Congress passed 1976 Act. Instead, question was whether defendant's activities fit within statutory language, *i.e.*, (a) whether defendant controlled selection of either primary transmissions or recipients of secondary transmissions; (b) whether activities were "limited to providing wires, cables or other communications channels"; and (c) whether defendant was "carrier" within meaning of statute. Defendant did not, by merely selecting markets in which to place receivers, control content or selection of primary transmissions; defendant's devices picked up all available over-air broadcasts, and subscribers selected those they wished to hear. Nor did defendant impermissibly "select" recipients of secondary transmissions, either by making its unlisted phone numbers available only to subscribers, or by virtue of never-implemented policy of terminating service to subscribers who did not use service for "legitimate societal purposes." Court found that defendant provided "communications channels for the use of others" within meaning of statute, rejecting plaintiff's position that exemption required laying of wires, cables or like. Statute does not mandate any minimum level of technology, but rather requires that retransmitter do no *more* than provide communications

channels. Defendant, however, was not "carrier" within meaning of statute. Rather than being passive agent, defendant was engaged, like cable operator, in commercial enterprise based on systematic retransmission of copyrighted materials. Common sense of statute and practical consequences of interpretation also weighed against extending exemption to defendant, especially given enormous possibilities for capture and retransmission of copyrighted material over Internet.

Perry v. Sonic Graphic Sys., Inc., 54 U.S.P.Q.2d 1491 (E.D. Pa. 2000)

Defendant and plaintiff entered into license agreement granting defendant one-time non-exclusive right to use up to 2,000 copies of plaintiff's copyrighted photographs for first edition pricing brochure. Court granted plaintiff's summary judgment motion, holding that Sonic violated plaintiff's copyright by making more than 2,000 copies of its brochure, distributing beyond local area, and posting pictures on its website. Further, court held terms "local distribution" and "original first edition six page layout" in licensing agreement were not ambiguous to justify admission of parol evidence or preclude summary judgment. However, court could not rule on plaintiff's claim against service provider ("NAG") at summary judgment stage because plaintiff did not specify if NAG also participated in distribution of photographs as web designer in violation of 17 U.S.C. § 106. Since plaintiff did not provide relationship between web designer and NAG, it was unclear if NAG provided any web design consultation. Court also stated that 17 U.S.C. § 512(c)(1), which provides, with certain limitations, that service provider shall not be liable for copyright infringement for storage on its system or network of user's material, may apply. Thus, court denied summary judgment against NAG.

Columbia Pictures Indus., Inc. v. T & F Enters., Inc., 68 F. Supp.2d 833 (E.D. Mich. 1999)

Motion picture companies sued owners of video rental business alleging infringement of copyrights in films. Court granted summary judgment to plaintiffs based on collateral estoppel effect of defendants' guilty pleas in prior criminal action in which they admitted they illegally purchased pirated copies of over 400 videocassettes and held them out for distribution to public without authorization.

O'Well Novelty Co. v. Offenbacher, Inc., 52 U.S.P.Q.2d 1020 (D. Md. 1999)

Plaintiff claimed copyright for collection of porcelain houses and on houses themselves, based on pictures of actual houses in catalog. Plaintiff sued defendant for copyright infringement for selling infringing porcelain houses manufactured by third party. Third party manufacturer had been

provided sculptors' plans from plaintiff for purpose of manufacturing houses. Jury found in favor of defendant on all claims and plaintiff moved for judgment as matter of law, for new trial, or to alter or amend judgment, claiming none of jury findings could be supported by evidence. Court disagreed, finding that evidence supported jury findings that (1) catalog collection of porcelain houses was not original collective work; (2) plaintiff knowingly failed to advise Copyright Office of all relevant facts when filing its applications; (3) underlying works were not original, and thus not copyrightable; and (4) defendant's manufacturer was rightful coowner of any rights underlying porcelain houses at issue. Court found all jury findings consistent and denied plaintiff's motions.

Boyle v. United States, 51 U.S.P.Q.2d 1585 (Fed. Cl. 1999)

Granting motion to dismiss, Court of Federal Claims held that U.S. government did not infringe copyright in plaintiff's "MONEYFOR" product, described as executive summary of mutual funds, simply because U.S.P.T.O. issued service mark registration to third party for similar mutual fund product. Plaintiff allegedly mailed its copyrighted work to several money managers at third party. Later, third party obtained service mark registration for its "LIFEPATH 2000" product. Court concluded that because plaintiff failed to prove infringement of its copyright by third party, government could not be liable for allegedly interfering with plaintiff's copyright. Court further held that government could not be held directly or contributorily liable for "purely private actions of parties" which, through service mark or otherwise, allegedly infringed copyright. In addition, Court dismissed plaintiff's claim under Fifth Amendment that U.S.P.T.O. effectively destroyed his copyright. Because owner of service mark would be party liable for infringement, U.S.P.T.O.'s decision to register mark cannot destroy pre-existing copyright, and thus there is no taking under Fifth Amendment.

RT Computer Graphics, Inc. v. United States, 52 U.S.P.Q.2d 1436 (Ct. Cl. 1999)

RT Computer Graphics, Inc. ("RT") gave permission to U.S. Postal Service to use copyrighted graphic designs as part of stamp series and related goods. Initial letter from RT stated it would "be delighted to receive mention or credit," for use of designs on postage stamps, but later consent to use of designs on related goods stated it "require[d] a credit in said materials." Design was used on stamps and on several goods without credit to RT, and RT filed complaint alleging, among other things, that credit to RT was condition of consent and that, absent credit, use of designs by Postal Service infringed RT's copyrighted designs. Court held that initial letter had given royalty-free nonexclusive license to Postal Service without any

credit requirement. With respect to use of designs on goods, court held that credit requirement was not "condition precedent" to performance of agreement for use of designs because credit could not have been given prior to actual use of designs and because presumption in law is against conditions precedent. Court also held that failure of Postal Service to give credit was not breach of essential terms of consent agreement. Postal Service's actions did not evidence repudiation of contract and RT never took affirmative steps to terminate license it had granted. Therefore, there was no withdrawal of consent previously granted by RT, and RT could not obtain remedies for copyright infringement. Summary judgment of non-infringement granted.

Asher v. Gallagher, 1999 Copyr. L. Rep. ¶ 31,449 (E.D. Ill. 1999)

Defendant claimed that he executed copyright assignment to plaintiff and his company for motion picture formerly titled "Livers Ain't Cheap" and in return plaintiff and his company allegedly agreed to provide money and employment to defendant or return copyright. In this third lawsuit, plaintiff claimed breach of contract by defendant and defendant counterclaimed alleging copyright infringement of its motion picture by plaintiff, as individual and under "alter ego" theory for his company, and sought declaration that defendant owned exclusive copyright to motion picture. Court granted plaintiff's motion for summary judgment finding that defendant produced no evidence regarding its allegation of copyright infringement by plaintiff and that court already previously determined that plaintiff's company did not infringe defendant's copyright; thus, defendant's alter ego theory had to fail as well.

VI. DEFENSES/EXEMPTIONS

A. Fair Use

Sony Computer Entm't Am., Inc. v. Bleem, LLC, No. 99-17137, 2000 U.S. App. LEXIS 8774 (9th Cir. May 4, 2000)

Ninth Circuit held use of video game "screen shot" in advertising was fair use. Bleem developed emulator software that permitted Sony's PlayStation games, designed to be played using Sony hardware console and television set, to be played on personal computer and monitor. Bleem's advertising used PlayStation game "screen shot," comparable to single frame from movie, to show appearance of game played with PlayStation console on television screen; played with emulator on computer monitor; and played with emulator and enhanced graphics card on computer monitor. District court ruled for Sony, entering preliminary injunction against use of screen shot. On first factor, appeals panel found that, while Bleem's copying was for commercial purposes, use of screen shots constituted com-

parative advertising, since Bleem's emulator competes directly with PlayStation console. Citing *Triangle Publ'ns, Inc. v. Knight-Ridder Newspapers, Inc.*, 626 F.2d 1171 (5th Cir. 1980), court found such comparative advertising greatly benefited purchasing public, with little loss to integrity of Sony's copyrighted material; first factor, accordingly, weighed in favor of fair use. On second factor, court found that, while Sony's work is "generally" creative in nature, screen shot, as mere "inanimate sliver" of game, is not necessarily so. Noting Supreme Court has accorded second factor little attention, court found second factor neither supported nor hurt fair use claim (but stated later in opinion that all factors weighed in favor of fair use). On third factor, court found screen shot to be insignificant portion of complex copyrighted work. Screen shot, court noted, is "1/30th of a second's worth" of game. Further, as games can be controlled interactively by player and may be played for hours, screen shot is of little substance to overall copyrighted work. Third factor thus weighed against Sony. "Most important" fourth factor also weighed in Bleem's favor. There is no market for screen shots, court found, "or at least not one in which Bleem may participate given Sony's refusal to license to it." Even assuming there is market for screen shots, precedent indicated Bleem's use did not sufficiently impair Sony. Under *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569 (1994), use of copyrighted work to critique work may harm its market without producing harm cognizable under Copyright Act; *Triangle Publications,* further, plays down *de minimis* market effect. Since record did not indicate whether district court engaged in § 107 analysis, no evidence of its discretion was before appeals court. It thus appeared that district court abused its discretion in entering preliminary injunction. Court vacated and remanded, with caveat that conclusions applied only to screen shots generated by taking actual images of Sony games from TV or computer screen, and not to simulations, since premise of comparative advertising is that consumer is being made aware of true choices.

Sony Computer Entm't, Inc. v. Connectix Corp., 203 F.3d 596 (9th Cir. 2000)

Court reversed district court, holding defendant's copying of software program that operates plaintiff Sony's "PlayStation" video game system ("BIOS") was fair use, necessary to permit defendant to make non-infringing Virtual Game Station functional with PlayStation games. Defendant copied BIOS program in process of loading BIOS program into computer's random access memory in order to "reverse engineer" program. None of Sony's copyrighted material was copied into, or appeared in, Connectix' final product. Court cited *Sega Enters., Ltd. v. Accolade, Inc.*, 97 F.2d 1510 (9th Cir. 1992) for proposition that, where disassembly is only way to gain access to functional elements embodied in computer pro-

grams, and where there is legitimate reason for seeking such access, disassembly is fair use of copyrighted work. Thus, fair use doctrine preserves public access to ideas and functional elements embedded in copyrighted computer software programs. Turning to four fair use factors, court held nature of Sony's copyrighted work was relatively far from "core of intended copyright protection" because it contained uncopyrightable elements. Court held district court wrongly distinguished between "studying" and "use" to find copying in this case exceeded scope of *Sega* holding. Court also rejected Sony's contention that Connectix had made more copies than "necessary" within meaning of *Sega*. Once necessity of method was established, number of times method was applied was not relevant. Under third fair use factor, fact that Connectix copied entire BIOS program weighed against finding of fair use, but because final product did not itself incorporate infringing material, factor was given little weight. Turning to first fair use factor, court reversed district court holding that commercial purpose gave rise to "presumption" of unfairness. Connectix' use was "modestly transformative," and extent of transformation should be weighed against significance of other factors, including commercialism, that militated against fair use finding. Considering final fair use factor, court found that because work was transformative and did not merely supplant PlayStation console, Connectix product was "legitimate competitor" in market, even though creation of Connectix product may have adverse impact on market for Sony PlayStation consoles. Considering all factors, court found Connectix' intermediate copying to be fair use.

UMG Recordings, Inc. v. MP3.com, Inc., 92 F. Supp.2d 349 (S.D.N.Y. 2000)

Court entered summary judgment against on-line service that permitted users to download unauthorized MP3 music files. Service, called "My MP3.com," allowed users to download unauthorized copies of specific sound recordings stored on defendant's file server after showing, to defendant's satisfaction, that user possessed (or had purchased) legitimate hard copy of requested recording. Court found that unauthorized duplication and transmission of recordings was presumptively infringing: "[t]he complex marvels of cyberspatial communication may create difficult legal issues; but not in this case." Court rejected defendant's fair use argument, holding that use of recordings was not "transformative" under *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994), because it did not "infus[e] [plaintiffs' works] with new meaning, new understandings, or the like" but merely retransmitted them in another medium. Drawing on *dicta* in *RIAA v. Diamond Multimedia Sys., Inc.*, 180 F.3d 1072 (9th Cir. 1999), defendant countered that use should be considered transformative because it allows record buyers to "space shift," playing back recordings in

places far removed from physical location of their CDs, but court concluded that defendant "simply repackages [plaintiff's] recordings to facilitate their transmission through another medium. While such services may be innovative, they are not transformative." Defendant also argued that fourth factor should weigh in favor of fair use because (1) derivative market for MP3 versions of plaintiffs' recordings was not "traditional, reasonable, or likely to be developed," as required under *American Geophysical Union v. Texaco, Inc.*, 60 F.3d 913 (2d Cir.), *cert. dismissed*, 516 U.S. 1005 (1995); and (2) since subscribers to defendant's service must first buy legitimate copies of plaintiffs' recordings, net effect on plaintiffs' market could only be positive. Court disagreed, noting that plaintiff recording companies had in fact taken steps to license their works for Internet transmission, and "even if the copyright holder had not yet entered the new market at issue" plaintiffs had exclusive right to develop market under Copyright Act. Finally, defendant argued that public benefit from service was nonstatutory "equitable" factor in its favor, but court observed that copyright "is not designed to afford consumer protection or convenience but, rather, to protect the copyright holders' property interests. . . . Stripped to its essence, defendant's 'consumer protection' argument amounts to nothing more than a bald claim that defendant should be able to misappropriate plaintiffs' property simply because there is a consumer demand for it. This hardly appeals to the conscience of equity."

Baraban v. Time Warner, Inc., 54 U.S.P.Q.2d 1759 (S.D.N.Y. 2000)

On defendants' motion for summary judgment, court held inclusion of photograph in book on trends of twenty-first century was fair use. Color reproduction of photograph originally had been published as part of advertisement promoting value of nuclear energy. Defendants used smaller black and white reproduction of photograph in chapter of book commenting on dangers of nuclear reactors. Conceding for purposes of motion validity of plaintiff's copyright, defendants claimed defense of fair use, which court upheld. On first factor, purpose and character of use, court concluded that defendants' use was clearly for purposes of criticism and comment. Court rejected plaintiff's argument that use was satire, as opposed to more protectible parody, finding that use was neither satire nor parody. Instead, court found that original use of photograph in advertisement was work of political commentary and that defendants could reproduce work for purpose of commenting upon it. On second factor, nature of copyrighted work, court recognized that photograph was creative rather than factual in nature, but held that since it had been published as part of advertisement which invited public commentary and discussion, second factor should not weigh decisively in plaintiff's favor. In discussing third factor, amount and substantiality of work used, court held that because

defendants had used only black and white reproduction which was shrunk to less than one-fourth of size of original, they had taken only what was necessary to comment on it, and therefore third factor favored defendants. Apparently skeptical that there was, indeed, any real market for photograph in question, and mindful that only small black and white reproduction had been used, court indicated that fourth factor, effect on potential market for original, also should weigh in defendants' favor. Court, did, however, decline to award defendants attorneys' fees and costs since there was no evidence of bad faith on part of plaintiff and plaintiff had at least some basis for challenging defendants' fair use defense.

Duffy v. Penguin Books USA, Inc., 4 F. Supp.2d 268 (S.D.N.Y. 1998)

Court held defendant author's photocopying of out-of-print book constituted fair use. Plaintiff alleged defendants infringed her copyrights in books on style and fashion for large-sized women. Defendant author disclosed in deposition that she had photocopied portions of copy of plaintiff's book borrowed from public library, and plaintiff sought to amend complaint to add claim based on photocopying. Denying plaintiff's motion, court found first fair use factor favored defendant, since copying was for research purposes, even though author ultimately intended to market her book commercially. Second factor also favored defendant, in court's view, because plaintiff's work was published. Fourth factor weighed for defendant as well, since plaintiff's books were out of print when copying occurred, and plaintiff submitted no evidence that either of her books would have been reprinted if not for publication of defendants' book; plaintiff thus "lost nothing." Only third factor favored plaintiff; since defendant author was uncertain whether she copied more or less than three-fourths of book, finder of fact could reasonably conclude substantial portion was copied. Plaintiff's motion to amend complaint to add claim of photocopying was denied because of fair use defense.

Los Angeles Times v. Free Republic, 54 U.S.P.Q.2d 1453 (C.D. Cal. 2000)

Plaintiffs sued, alleging infringement of plaintiffs' copyrights by posting verbatim copies of plaintiffs' news articles, sometimes with defendant's editorial comment, on defendant's website for further comment by visitors to defendant's website. Defendant moved for summary judgment, arguing that posting of entire text of articles on its website was protected by fair use doctrine, and plaintiffs cross-moved. Court granted plaintiffs' cross motion and rejected defendant's fair use defense, finding that three of four fair use factors favored plaintiff. As to first factor, court first held there was "little transformative about copying the entirety or large portions of a work verbatim," even where work was enhanced by comments of visitors

to defendant's website, since first posting of article on defendant's website often contained little or no commentary. Court also noted that it was not necessary for defendant to post full text of articles on its site since it could direct visitors to plaintiffs' own sites via link, and held that fact that visitors would, in some cases, have to pay fee to view such articles on plaintiffs' site did not make such linking "impractical." Further, defendant's alleged need to post full text of plaintiffs' articles in order to facilitate comment on media bias was undermined by fact that website visitors commented much more on news of day than on manner in which media reports news. Also under first factor, court held that while defendant was for-profit company and solicited donations on its website, defendant also provided public service by fostering debate and discussion, and possessed many characteristics of non-profit company; thus, operation of defendant's site was "only minimally commercial." As to second factor, court found in favor of defendant since works in question were predominantly factual news articles and thus more susceptible to fair use defense than purely fictional works. As to third factor, court ruled in favor of plaintiff, since defendant copied entire articles verbatim. Court rejected defendant's argument that plaintiffs' "works" were their complete newspapers, and thus defendant was copying only small portion of such "works." As to fourth factor, court held that defendant's use of plaintiffs' works adversely impacted on potential market for plaintiffs' articles, since visitors to defendant's site could be dissuaded from purchasing plaintiffs' newspapers or visiting plaintiffs' own websites, or paying plaintiffs' fees for retrieving archived articles.

Williams v. Columbia Broad. Sys., 57 F. Supp.2d 961 (C.D. Cal. 1999)

Plaintiff, owner of "Mr. Bill" character, brought suit against defendant alleging that broadcast of clay figure in twenty-seven second "spirit message" during Army/Navy Game, created by Army troops, infringed copyright in Mr. Bill. Defendant sought summary judgment, claiming its use of clay figure to be protected as parody under Fair Use Doctrine. Court rejected parody defense, finding that clay figure segment did not "poke fun" at or ridicule original work, Mr. Bill, but copied his antics while teasing Navy, which constituted satire. Court, however, continued inquiry by reviewing four elements of Fair Use Doctrine, and found fair use. First, as to purpose and character of use, court held use constituted both commercial (to produce higher ratings) and non-commercial (produced without financial motive) use. Court found non-commercial use weighed somewhat in defendant's favor over purely commercial use. Second, court held that nature of Mr. Bill was fictional, which deserved higher protection than scholarly or newsworthy works and weighed against fair use. Third, court held that "spirit message" only used small amount of

protected work to "conjure up" original work and included only crude imitation of Mr. Bill, did not include his friends or tormenters, and did not follow many of traditional formulas for Mr. Bill sketches. Fourth, as to effect of use upon market, "spirit message" aired once and court found it posed little danger of competing with or supplanting market for Mr. Bill. After balancing statutory factors, court granted defendant's motion for summary judgment based on fair use.

Kelly v. Arriba Soft Corp., 77 F. Supp.2d 1116 (C.D. Cal. 1999)

In case of "apparent first impression," court held that visual search engine made fair use of plaintiff's photographs by reproducing them in on-line index of images available on Web. Photos were obtained by operation of automated "crawler" which sought out images on websites such as plaintiff's. Images were copied onto defendant's server, reduced to "thumbnail" form, then sorted and indexed by defendant. Visitors to defendant's site could access images by typing in queries, then clicking on desired thumbnails to view full-size display of selected images. Under first § 107 factor, court noted that even though defendant's use was commercial, plaintiff's photos "did not represent a significant element of that commerce, nor were they exploited in any special way. They were reproduced as a result of defendant's generally indiscriminate method of gathering images." Moreover, defendant's intention of compiling comprehensive index of Web images made result "transformative," because "Defendant's use is very different from the use for which the images were originally created. Plaintiff's photographs are artistic works used for illustrative purposes. Defendant's visual search engine is designed to catalog and improve access to images on the Internet. The character of the thumbnail index is not esthetic but functional; its purpose is not to be artistic, but comprehensive." Specifically, court identified transformative element of defendant's use as "using reduced versions of images to organize and provide access to them," and noted that transformative nature of this use is "the most significant factor favoring Defendant." Second and third factors favored plaintiff, but under fourth factor court found no evidence of "harm or adverse impact" despite fact that defendant's site allows users to "deep link" directly to individual images on plaintiff's site without going through his home page. Overall, court found "evolving technology" of search engines to warrant greater latitude under fair use: "where, as here, a new use and new technology are evolving, the broad transformative purpose of the use weighs more heavily than the inevitable flaws in its early stages of development."

RealNetworks, Inc. v. Streambox, Inc., No. C99-20708, 2000 U.S. Dist. LEXIS 1889 (W.D. Wash. 2000)

Plaintiff's three products, "RealProducer," "RealServer," and "RealPlayer," enable Internet users to access, but not download or copy, audio and video content through streaming process. Once content owner has converted work into "RealMedia" format, it may use "RealServer," which is "software program that resides on a content owner's computer that holds RealMedia files and 'serves' them to consumers through streaming." Consumer must use "RealPlayer," software program installed on consumer's computer, to play RealMedia content streamed from RealServer. Plaintiffs products utilized two security measures to prevent unauthorized copying and distribution, "Secret Handshake," which "ensures that files hosted on a RealServer will only be sent to a RealPlayer," and "Copy Switch," which "is a piece of data in all RealMedia files that contains the content owner's preference regarding whether or not the stream may be copied by end-users." Court granted preliminary injunction against sale of defendant's "Streambox VCR," finding that device violates Digital Millennium Copyright Act ("DMCA"). Court rejected defendant's argument that consumers' use of Streambox VCR, like use of VCRs for time-shifting recording in *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984), constitutes fair use. Court reasoned that *Sony* Court based its decision in part on fact that copyright owners either authorized or would not have objected to time-shifting by viewers, while copyright owners utilizing RealMedia format "have specifically chosen to prevent the copying enabled by the Streambox VCR by putting their content on RealServers and leaving the Copy Switch off." Further, DCMA specifically prohibits distribution of tools for circumventing technological measures that protect against unauthorized access and copying.

Images Audio Visual Prods., Inc. v. Perini Bldg. Co., Inc., 91 F. Supp.2d 1075 (E.D. Mich. 2000)

District court granted plaintiff's motion for summary judgment on issue of infringement of photographs. Defendant building company engaged plaintiff photographer to record progress of construction on Chippewa Nation's Soaring Eagle Casino and Resort complex. In 1995, building company selected and paid for 305 images taken by photographer. In 1997, building company initiated arbitration proceeding against Chippewa Nation and requested reprints of photos to submit as evidence. After photographer and building company failed to agree on price of reprints, building company made color copies of photos for use in arbitration proceeding, claiming fair use. Distinguishing case from others related to use of copyrighted materials in judicial proceedings, court found that four § 107 factors weighed in favor of photographer in that (1) defendant's "re-

productions wholly supplanted plaintiff's commercially valuable photos," since parties originally intended photos to serve as evidence in construction-related disputes; (2) demonstrative value of photographer's commercial quality photos set them apart from other forms of evidence; (3) defendant reproduced plaintiff's work in its entirety; and (4) defendant's unauthorized use of photos jeopardized potential market for plaintiff's work.

Chicago Sch. Reform Bd. of Trs. v. Substance, Inc., 79 F. Supp.2d 919 (N.D. Ill. 2000)

District court granted motion to dismiss defendants' counterclaims and affirmative defenses which asserted First Amendment privileges and fair use defense to reproduce and publish plaintiff's copyrighted tests. Defendant, Chicago Public School teacher and editor of co-defendant for-profit newspaper titled *Substance*, helped administer January 1999 tests and published entirety of five tests and substantial portion of sixth test in newspaper to promote public debate on use of tests. Plaintiff sought injunction and damages, among other relief. Defendants asserted reproductions were permitted by doctrine of fair use and were privileged under First and Fourteenth Amendments. Quoting *Cohen v. Cowles Media Co.*, 501 U.S. 663 (1991), court concluded Supreme Court has consistently recognized that "generally applicable laws do not offend the First Amendment simply because their enforcement against the press has incidental effects on its ability to gather and report the news." Again citing *Cohen*, court held that press may not publish copyrighted material without obeying copyright laws. Court refused defendants' invitation to read *Cohen* as narrowly applying to promissory estoppel claims and dismissed defendants' First Amendment counterclaims. Although defendants raised fair use defense, court noted that they "never even recite the fair use factors in any of their pleadings, much less discuss how those factors weigh in their favor." Evaluating fair use factors, court found purpose and character of use weighed against defendant because publication was in for-profit paper and non-infringing means existed to achieve purpose of encouraging debate. Nature of copyrighted work favored plaintiff because tests were unpublished. Defendants' publication "destroyed their confidentiality and prevents the Board from using the published tests." Court found that amount of work published was substantial and weighed against fair use. Court also found effect on market also favored plaintiff, noting market factor centers on value of copyrighted work, not its potential commercial market. Court equated loss of tests' future educational value with copyright holder losing future profits. Finding "no set of circumstances under which defendants can prevail under a fair use affirmative defense," court granted plaintiff's motion to strike fair use defense.

Southco, Inc. v. Kanebridge Corp., 53 U.S.P.Q.2d 1490 (E.D. Pa. 2000)

Plaintiff, hardware manufacturer and seller, sought injunction preventing defendant from using plaintiff's product numbering system. Defendant distributor was competitor and used plaintiff's copyrighted nine-digit codes in comparison charts in its catalogs. By reference to charts, prospective purchasers could discern which of defendant's products were interchangeable with plaintiff's hardware products. Conceding copying, defendant claimed fair use. Of four fair use factors, court stressed defendant's "commercial use" of plaintiff's numbering system. Because defendant's motive in using plaintiff's numbering system in comparative charts was to sell products and increase profits, defendant's use was "commercial." Court noted that defendant was not using plaintiff's numbering system to claim defendant's products were better, but simply to point out that defendant's and plaintiff's products could be used interchangeably and also noted that such "comparisons" were not generally accepted in advertising or construction industries. Moreover, defendant did not need to use plaintiff's numbering system for comparative advertising, since it could describe plaintiff's product using factual terms rather than numbering system. As to other three factors, court held that numbering system was creative, useful and had become industry standard and was, therefore, entitled to protection; fact that defendant used entire copyrighted nine-digit codes negated fair use; and use by defendant of plaintiff's numbering system would diminish value of copyrighted numbering system.

Tiffany Design, Inc. v. Reno-Tahoe Specialty, Inc., 55 F. Supp.2d 1113 (D. Nev. 1999)

Court granted plaintiff's motion for partial summary judgment, finding that defendant's creation of scanned precursor image of Las Vegas cityscape photograph violated plaintiff's right to reproduce its copyrighted works. However, court denied plaintiff's motion for partial summary judgment on claim that defendant violated plaintiff's right to create derivative works, asserting that issue should go to trial. Plaintiff, producer of videos, calendars, postcards and posters, created photographs of Las Vegas strip. Defendant, producer of similar products, scanned plaintiff's photographs into computer and digitally altered image. Court determined that fair use defense was not applicable, because defendant scanned most of copyrighted work, defendant's use of scanned image to create competitive products was commercially exploitative and defendant's use of scanned image to create similar products might have great effect on demand for plaintiff's products.

Veeck v. Southern Bldg. Code Cong. Int'l, Inc., 49 F. Supp.2d 885 (E.D. Tex. 1999)

On cross motions for summary judgment, court rejected plaintiff's defense of fair use. Defendant created model building codes that were adopted by cities throughout country under express agreement by defendant. Plaintiff purchased defendant's model codes in electronic format and posted parts of them on website that provided free information about cities in Texas. Defendant counterclaimed, contending that plaintiff's posting of portion of codes on website constituted infringement. Plaintiff argued that his use of materials qualified under fair use exception of § 107. Burden then shifted to defendant to show by preponderance of evidence that plaintiff's use of defendant's work would likely cause defendant harm in future. Court found that defendant adequately met burden and that continued use by plaintiff would adversely affect potential market for defendant's copyrighted material. Moreover, court explored remaining factors of § 107 and found no fair use in light of purposes of copyrights at issue.

B. Statute of Limitations

Aalmuhammed v. Lee, 202 F.3d 1227 (9th Cir. 2000)

Court of Appeals ruled plaintiff established genuine issue of fact as to whether claim of joint authorship barred by statute of limitations, preventing summary judgment on issue. Plaintiff was asked to assist Denzel Washington to prepare for role of Malcolm X in movie *Malcolm X* because plaintiff was knowledgeable about life of Malcolm X and Islam. Plaintiff made script revisions, did some directing, created some new scenes, edited parts of movie and otherwise made significant contributions to movie. When writing credit was rejected, plaintiff secured copyright registration, claiming he was co-creator, co-writer and co-director of movie. Plaintiff sued for declaratory relief, claiming, *inter alia*, that he was joint author of movie. Defendants asserted plaintiff's claim of authorship barred by statute of limitations. Because creation rather than infringement is gravamen of authorship claim, bar occurs three years from "plain and express repudiation" of authorship. Although movie credits plainly and expressly repudiated authorship, claim brought less than three years from then. Issue of fact, however, whether earlier communications with defendants constituted repudiation of claimed authorship.

Pickett v. Prince, 207 F.3d 402 (7th Cir. 2000)

Seventh Circuit vacated district court's dismissal of copyright infringement counterclaim brought by recording artist Prince, concluding district court abused discretion by not correcting miscalculation of statute of limitations period. In 1992, recording artist Prince began identifying himself by un-

pronounceable hieroglyphic-like symbol. Symbol was both copyrighted work of visual art and trademark. Plaintiff designed guitar based on copyrighted symbol which he allegedly showed to Prince. After Prince appeared in public with guitar of similar design, plaintiff, on July 5, 1994, sued Prince for copyright infringement of plaintiff's derivative work. Prince counterclaimed, asserting his recording company's copyright of symbol and that Pickett was infringer. Because recording company owned copyright in music only and because Prince lacked standing to assert another's copyright, Prince amended counterclaim on July 7, 1997, to assert infringement by plaintiff of his own copyrighted symbol, which by then had been assigned to Prince. District court dismissed amended counterclaim as untimely because it did not relate back to original counterclaim, since original counterclaim relied upon another trademark, and because amended counterclaim was barred by three year statue of limitations under 17 U.S.C. § 507(b). After realizing limitations period expired on Saturday, July 5, 1997, and Prince filed amended counterclaim on July 7, 1997, first available business day thereafter, Prince filed motion for reconsideration. District court judge ruled motion for reconsideration was improper vehicle for introducing new legal theory. Vacating district court's dismissal of counterclaim, Seventh Circuit held because third year anniversary of plaintiff's suit fell on Saturday, Prince's counterclaim was filed on last possible day before expiration of limitations period, namely Monday, July 7, 1997. Court held district court's failure to correct plain error not justified by purported reliance upon law of case. Court remanded counterclaim for further proceedings.

Pentagen Technologies Int'l, Ltd. v. United States, 175 F.3d 1003 (Fed. Cir. 1999)

Court affirmed finding by Court of Claims that claim for infringement of computer program was barred by three-year statute of limitations in 28 U.S.C. § 1498(b) because only act of infringement alleged was committed more than five years before filing of complaint. Plaintiff had written letter on January 11, 1994, requesting compensation for unlawful use of program. In 1997, plaintiff received witness statement that software program was subject of "technical evaluation" by Army in 1991. Plaintiff filed complaint on April 1, 1997. Plaintiff alleged that government had concealed infringement, that plaintiff had not known of infringement until it received witness statement in 1997, and that statute of limitations should therefore be equitably tolled. Plaintiff's claims, however, were time-barred because complaint did not allege concealment by government or plaintiff's unawareness of infringement until 1997.

Armstrong v. Virgin Records, Ltd., 91 F. Supp.2d 628 (S.D.N.Y. 2000)

District court denied respective parties' motion for summary judgment on issue of statute of limitations. Defendants, British musical group Massive Attack, recorded album "Blue Lines" in 1990. By 1993, "Unfinished Sympathy" track on Blue Lines album went gold. "Unfinished Sympathy" was subsequently included on motion picture soundtrack for *Sliver* starring Sharon Stone and featured in Adidas sneaker commercial. Both "Blue Lines" and "Sliver" soundtrack were released in United Kingdom and United States by defendant, Virgin. In 1998, plaintiff Armstrong, successful jazz musician, filed action claiming that "Unfinished Sympathy" contained infringing sample of Armstrong's 1975 composition "Planetary Citizen." Plaintiff claimed that statute of limitations did not begin to run until 1996, when he discovered use of his musical composition. Defendant moved to limit plaintiff's claims to acts of infringement occurring within three years of filing suit. Court determined that issues of fact exist as to accrual of claims and disposition could not be made on summary judgment.

Maurizio v. Goldsmith, 84 F. Supp.2d 455 (S.D.N.Y. 2000)

Plaintiff claimed to be co-author of portions of novel *The First Wives Club* and outline on which novel was based. Copyright claims accrued on date plaintiff learned that novel was sold to movie studio. Six months after claims accrued, plaintiff filed action in New York state court for breach of contract, fraudulent inducement, conversion and unjust enrichment, which state court held preempted by Copyright Act. Plaintiff filed federal action five and one-half years after copyright claims accrued. District court granted motion for summary judgment dismissing plaintiff's claims for copyright infringement based on acts of infringement that occurred more than three years prior to filing complaint and for joint authorship. Court rejected argument that New York savings statute, which permits filing of new action within six months after dismissal if first action would have been timely filed, tolled Copyright Act's three-year statute of limitations, noting that purpose of statute of limitations was to provide uniformity throughout all states. Court refused to equitably toll statute of limitations, reasoning that plaintiff, who did not and could not file copyright claims in state court, "did indeed sleep on her rights under the Copyright Act." Plaintiff's claim of joint authorship time-barred in its entirety. However, plaintiff's copyright infringement claim based on material she wrote not time-barred for acts occurring less than three years prior to filing action.

Lennon v. Seaman, 84 F. Supp.2d 522 (S.D.N.Y. 2000)

Court denied defendant's motion to dismiss infringement claim, concluding that claim was timely filed. Plaintiff, John Lennon's widow, sued defendant, former employee in Lennon household, for copyright infringement for use of photos and other depictions of Lennon family in his book *The Last Days of John Lennon: A Personal Memoir* and on two cable television broadcasts. Court held that copyright claim was not time-barred because plaintiff only became aware that defendant was asserting copyright ownership in 1999.

Minder Music, Ltd. v. Mellow Smoke Music Co., 52 U.S.P.Q.2d 1700 (S.D.N.Y. 1999)

District court granted summary judgment to defendant in copyright ownership dispute which existed for twenty-four years. Plaintiff music company acquired 50% copyright ownership in certain musical compositions in 1990 and filed current infringement action claiming 100% ownership. Defendant music company claimed ownership in remaining 50% through series of assignments dating back to 1973. Court held that claim was time-barred by three-year statute of limitations despite fact that plaintiff claimed that infringement was ongoing. Issue was not infringement, but rather ownership. Court concludes that cause of action accrued in 1990 when plaintiff became aware of defendant's ownership claims, making 1998 action time-barred.

Weber v. Geffen Records, Inc., 63 F. Supp.2d 458 (S.D.N.Y. 1999)

Court held state law unfair competition claims and Lanham Act claims were barred by statute of limitations in case involving alleged co-authorship of musical compositions by former associate of members of musical group "Guns 'N Roses." Court noted that claims based on Copyright Act faced three-year statute of limitations running from time when plaintiff knew or had reason to know of injury upon which claim was premised. Court held that plaintiff, who had sued previously for copyright infringement of song contained in same registration statement as song central to current action, had known of infringement as of date of previous action. Plaintiff's claims involving second song were also time-barred because, although plaintiff alleged he had not known of infringement until he saw copy of album in record store, reasonably diligent person would not have waited until six months following album's release to review album in view of previous allegations of infringement. Court refused equitable tolling of statute because it was not satisfied plaintiff had justifiably relied on false promises by defendants to compensate him. Court also refused to apply

equitable estoppel because plaintiff failed to demonstrate reasonable diligence, but rather relied only on "unexceptional string of empty promises."

Dewan v. Blue Man Group Ltd. P'ship, 73 F. Supp.2d 382 (S.D.N.Y. 1999)

Defendants' motion to dismiss based on statute of limitations granted. Plaintiff and defendants created musical compositions in 1991, and plaintiff sought written agreement with defendants through 1993 regarding rights to compositions. Defendants ignored plaintiff's October 1993 proposed agreement and parties had no contact in 1994-95. In 1996, plaintiff received copy of proposed agreement from defendants in which defendants claimed full ownership of compositions. In 1997, defendants informed plaintiff that they repudiated his status as co-author. Plaintiff filed action in 1998 seeking declaration of co-authorship of compositions. Defendants moved to dismiss on ground action was time-barred. Plaintiff argued defendants were equitably estopped from relying upon three-year statute of limitations because of misconduct. Court found plaintiff aware of facts and circumstances giving rise to cause of action by fall 1991. Though reliance by plaintiff during negotiations with defendants through 1993 was reasonable, any reliance after 1993 was unreasonable based upon defendants' inaction and lack of royalty payments. Court found plaintiff had "ample reason" to know by 1994 that lawsuit was necessary to protect his rights, and therefore claim filed in October 1998 was time-barred.

Willsea v. Theis, Copyr. L. Rep. ¶ 27,974 (S.D.N.Y. 1999)

District court denied defendants' motion to dismiss plaintiff's infringement claims over copyrighted financial software upon finding plaintiff's pleading sufficient as to whether three-year statute of limitations for claiming co-author status should be equitably tolled. Court held that plaintiff knew status as author from time copyrighted software program was created because plaintiff was employee of company that marketed software and plaintiff made regular use of software. Further, court found that more than three years elapsed from 1994 when software was created to 1998 when action was filed. Nevertheless, while finding it doubtful that plaintiff could prove elements of fraudulent concealment for purposes of equitable tolling, including (1) breach of duty to disclose; (2) intent to defraud; (3) reasonable reliance by plaintiff; and (4) damages, court concluded plaintiff sufficiently pleaded claims that defendant fraudulently concealed registration of software solely in defendant's name and profits derived from sale, licensing and assignment of software and copyright. In particular, court concluded plaintiff was entitled to discovery as to whether plaintiff reasonably reposed in defendant such trust and confidence as to give rise to fidiciary duties even though court stated it was questionable whether co-

authorship created fiduciary relationship. Also, court noted that plaintiff is unlikely to show that defendant intended to fraudulently conceal because software contained copyright notice solely listing defendant as owner. For same reason, court said that plaintiff will have difficult time showing his due diligence in attempting to discover fraud.

Fort Knox Music, Inc. v. Baptiste, 47 F. Supp.2d 481 (S.D.N.Y. 1999), *remanded for supplementation of record*, 203 F.3d 193 (2d Cir. 2000)

Court granted music publishing companies' motion for judgment on pleadings pursuant to Rule 12(c), declaring defendant barred by statute of limitations from suing for copyright infringement, and enjoining him from challenging plaintiffs' copyright. Philip Baptiste and George Khoury in 1959 assigned and transferred their copyright interests in musical composition "Sea of Love" to plaintiffs' predecessor, warranting that they were co-authors. Registration certificates listed Baptiste and Khoury as co-authors, and both consistently received credit and royalty payments in connection with exploitation and licensing of song. Baptiste, however, protested virtually from outset, via letters to plaintiffs and their predecessors, that Khoury's crediting as co-author was improper. After persisting in letter-writing campaign for nearly four decades, Baptiste threatened to sue for copyright infringement, and plaintiffs sued for declaratory judgment. Court found facts admitted by Baptiste in his answer demonstrated he knew of injury on which claim was premised considerably more than three years prior to commencement of suit in 1997.

Edmark Indus. SDN. BHD. v. South Asia Int'l (H.K.), Ltd., 89 F. Supp.2d 840 (E.D. Tex. 2000)

Denying plaintiff's motion for summary judgment, district court held that there was genuine issue of material fact as to whether plaintiff's diligence in discovering infringement of copyrighted brochures was sufficient to toll statute of limitations. Plaintiff, manufacturer of vegetable slicers, authored user brochures in 1992 for distribution with product. In 1996, plaintiff sued various distributors of counterfeit slicers, and discovered that defendant importer had distributed counterfeit copies of plaintiff's brochures in 1994. Plaintiff ultimately filed infringement claim in 1998 against defendant for counterfeit brochures, asserting that discovery rule tolled statute of limitations. Court held that issue of whether plaintiff exercised sufficient diligence to toll statute was question of fact that should be submitted to jury.

Fisher v. United Feature Syndicate, 37 F. Supp.2d 1213 (D. Colo. 1999)

Court affirmed magistrate judge's ruling that defendant was not estopped from asserting statute of limitations defense in case involving alleged infringement of cartoon character. Plaintiff, proceeding *pro se*, argued first that defendant's allegedly repeated violations of his copyright had "misled and discouraged" him from asserting his rights in court, but failed to elaborate on argument. Court held that such alleged misleading behavior did not estop defendants from asserting statute of limitations. Plaintiff also sought to avoid statute of limitations by alleging "continuing wrong." Court held, however, that plaintiff could not recover damages on any claim accruing more than three years prior to filing suit. Finally, plaintiff argued that defendant's fraudulent concealment of their copyrights justified equitable tolling of statute of limitations. Because plaintiff made only "broad, conclusory statements" to this effect, court concluded that claims had no merit.

C. *Res Judicata*

Armdap, Inc. v. Coast Bus. Sys., Inc., No. 97-55062, 1999 U.S. App. LEXIS 19822 (9th Cir. Aug. 18, 1999)

Reversing and remanding dismissal of plaintiff's copyright claims, Ninth Circuit held that 1995 state judgment dismissing state law claims was not *res judicata* to federal copyright claims because state court lacked jurisdictional competency to decide copyright claims. Doctrine of *res judicata* precluded parties from relitigating issues raised or those that could have been raised in prior action. Under California law, preclusion prohibits second cause of action only if court rendering original decision had power to award full measure of relief sought in second action. While providing no factual background regarding nature of copyright at issue here, Ninth Circuit remanded for determination of copyright claims.

Perry v. Zaentz, Copyr. L. Rep. ¶ 27,979 (9th Cir. 1999)

Ninth Circuit affirmed district court's grant of summary judgment in favor of defendant on all claims. Former member of musical group "Blackbyrd" sued defendant record company alleging he owned copyright in musical compositions. Court held that copyright claim was barred by doctrine of *res judicata* because copyright issue was fully litigated in prior district court proceeding. Ninth Circuit reasoned that since district court determined that copyright ownership of musical compositions belonged to Blackbyrd and not to plaintiff, plaintiff could not raise issue of copyright infringement in another case even against different party.

Kelly v. Broad. Music, Inc., 53 U.S.P.Q.2d 1511 (S.D.N.Y. 2000)

Pro se plaintiff's infringement claim barred under doctrine of *res judicata* and dismissed. Plaintiff Kelly claimed that he wrote hit song "Mama Said Knock You Out" and was paid insufficient royalties by BMI for song recorded and performed by recording artist L.L. Cool J. Plaintiff previously sued L.L. Cool J. for copyright infringement in same court and case was dismissed with prejudice after plaintiff repeatedly failed to show up for his deposition. Court also noted in *dicta* another similar case by plaintiff against record company which was dismissed with prejudice for plaintiff's failure to show up at status conference after repeated notices. In present case, BMI moved for dismissal on *res judicata* grounds, citing earlier case against L.L. Cool J. On inspection of complaints in both actions, court found that they were "grounded in the same basic allegations," facts and law at issue were same, and there was sufficient privity of interest between parties in two cases. Accordingly, court ordered dismissal.

Bieg v. Hovnanian Enters., Inc., 53 U.S.P.Q.2d 1274 (E.D. Pa. 1999)

Defendant moved to dismiss infringement claim as barred by *res judicata*. In 1997, plaintiff architect filed breach of contract claim alleging that defendant home builder used plaintiff's technical drawings without permission and compensation. On August 31, 1998, suit was dismissed with prejudice after parties notified court that settlement agreement was in place. Plaintiff subsequently amended complaint in dismissed suit adding copyright infringement claim. Court held that despite fact that plaintiff asserted different legal theories in both suits, *res judicata* applied because material facts required to prove copyright claim, which should have been asserted in earlier suit, were same facts necessary to prove previous breach of contract claim. Since unclear that all alleged copyright violations occurred before settlement, and factual issue remained whether parties agreed in settlement to preserve any claims, court could not grant motion in entirety.

D. Misuse

Warner/Chappell Music, Inc. v. Pilz Compact Disc, Inc., 52 U.S.P.Q.2d 1942 (E.D. Pa. 1999)

Court struck counterclaim of copyright abuse raised by warehouse operator against music publishers seeking destruction of unlicensed CD's stored at warehouse after bankruptcy of pressing plant. Warehouse operator, hired by bankruptcy trustee to assist in liquidation, alleged that publishers' refusal to grant licenses to permit sale of CD's was motivated by "malice" and "irrationality" and violated public policy of copyright law. Moreover, defendant alleged that publisher's grant of licenses to others on less

favorable terms than those offered by trustee was bad faith "selective licensing without justification." In footnote, court noted that "in any event, the court would not permit an affirmative claim of copyright abuse to go forward" because no Third Circuit authority had recognized such claim. Nonetheless, court remarked in *dicta* that copyright owners have exclusive right to issue licenses "for whomever they choose, and there is no authority for the proposition that they need a business justification to do so," provided that antitrust law or other public policy is not violated.

E. Sovereign Immunity

Bassett v. Mashantucket Pequot Tribe, 204 F.3d 343 (2d Cir. 2000)

Second Circuit held that Connecticut Indian tribe had sovereign immunity from federal copyright claims. Filmmaker entered into agreement with Tribe to produce film about Pequot War of 1636, to be shown at Tribe's museum. Agreement provided that filmmaker would develop script, subject to Tribe's approval, and would be hired to produce film upon approval of script. After script was submitted, Tribe terminated agreement and hired another producer to make film, using plaintiff's script. Plaintiff sued, but District of Connecticut dismissed case for lack of subject matter jurisdiction. On appeal, Second Circuit reversed as to jurisdictional issue, but held that copyright claim against Tribe was barred under doctrine of common-law Tribal immunity. Citing extensive Supreme Court precedent, court explained that Tribal authorities are immune from federal claims unless Congress expressly abrogates their immunity, and "nothing on the face of the Copyright Act purports to subject tribes to the jurisdiction of the federal courts in civil actions." Court also noted that immunity extended to off-reservation activities conducted by Tribe or its agents.

Chavez v. Arte Publico Press, 204 F.3d 601 (5th Cir. 2000)

Appeals court ruled University of Houston immune from unconsented-to suit in federal court, holding abrogation by Congress of state's Eleventh Amendment immunity under Copyright Remedy Clarification Act ("CRCA") was not constitutionally valid exercise of legislative power. Plaintiff asserted that University infringed her copyright by continuing to publish book without consent. After issuing two prior opinions in case, Fifth Circuit, *en banc,* remanded for reconsideration of whether abrogation of state sovereign immunity in CRCA was within Congress' authority in light of Supreme Court decisions in *Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank*, 527 U.S. 627 (1999), and *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666 (1999). Plaintiff contended that CRCA, by preventing states from depriving copyright holders of property without due process of law, validly

enforces due process clause of Fourteenth Amendment. Court applied analytical framework set forth in *Florida Prepaid* requiring examination of (1) nature of injury to be remedied; (2) Congress' consideration of adequacy of state remedies to redress injury; and (3) breadth of coverage of legislation. On first point, court noted legislative history offered no evidence of pattern of unremedied copyright infringement by states, only worry about potential for future abuse. On second factor, court found Congress "barely considered" availability of state remedies, *e.g.*, breach of contract claims, for infringement. On third factor, court found "indiscriminate scope" of CRCA disproportionate to injury to be prevented because, while legislative history suggested copyright infringement by states is rare, and mostly unintentional, CRCA did not limit remedy to certain types of infringement or provide for suits only against states with questionable remedies or high incidence of infringement. Panel vacated district court's judgment denying motion to dismiss, and remanded with instructions to dismiss.

Rodriguez v. Texas Comm'n on the Arts, 199 F.3d 279 (5th Cir. 2000)

District court dismissed copyright infringement claim against manufacturer of "State of the Arts" license plates. Fifth Circuit affirmed, finding Copyright Remedy Clarification Act, 17 U.S.C. § 511(a), improperly abrogated States' sovereign immunity from suit in copyright matters. Fifth Circuit held that Congress' unequivocal intent to abrogate states' sovereign immunity was invalid exercise of its powers under Commerce Clause and Patent Clause. Moreover, Supreme Court's rejection of Patent Remedy Act's validity on Fourteenth Amendment Due Process grounds persuaded Fifth Circuit to reject Copyright Act's abrogation provisions on same grounds due to similarity of respective Acts' interests and language.

Boyle v. United States, 200 F.3d 1369 (Fed. Cir. 2000)

Federal Circuit affirmed Court of Federal Claims holding that U.S. was not liable for contributory copyright infringement because it had not waived its sovereign immunity to such suits. Plaintiff wrote pamphlet describing "Moneyfor" mutual funds and sent copies to several money managers, including one at Wells Fargo. Later Wells Fargo began marketing similar products called "Lifepath" funds and secured registration of service marks LIFEPATH and LIFEPATH 2000. Subsequently, plaintiff registered copyright in his pamphlet and sued Wells Fargo for copyright infringement. District court ruled for defendant. Plaintiff then sued U.S. in Court of Federal Claims, alleging government wrongfully allowed registration of Wells Fargo service marks and effectively destroyed his copyright, which constituted unjust taking. On government's motion to dismiss, appellate court affirmed that 28 U.S.C. § 1498(b) provides remedy

to owner of copyright only when there was infringement with authorization or consent of government. Government's grant of service mark registrations to Wells Fargo did not constitute copyright infringement or authorization and consent for Wells Fargo to infringe plaintiff's copyright. Terms used by Wells Fargo were not terms used by plaintiff in copyrighted work, and claim that ideas were taken did not state claim for direct infringement by Wells Fargo. Grant of service mark registration did not grant right to infringe another's copyright. Thus, grant is neither authorization nor consent to infringe plaintiff's copyright. Thus, plaintiff also failed to state claim for contributory infringement.

F. Miscellaneous

Tasini v. New York Times Co., Inc., 206 F.3d 161 (2d Cir. 2000), *amending* 192 F.3d 356 (2d Cir. 1999)

Second Circuit reversed grant of summary judgment for publishers and electronic database providers, holding that freelance authors' copyrights were infringed by unauthorized electronic republication of articles which first appeared in publishers' periodicals. Publishers licensed databases such as NEXIS to use articles, but authors of articles did not consent and were not paid for electronic uses. Defendants argued that republication on databases was privileged under § 201(c) because electronic database was "revision" of particular periodical issue in which each article first appeared. District court agreed, 972 F. Supp. 804 (S.D.N.Y. 1997), but Second Circuit reversed on appeal. Court noted that absent specific grant of rights from author, § 201(c) permits reproduction of freelance work in three situations: as part of original periodical issue ("that particular collective work"), as part of "any revision" thereof, and as part of "any later collective work in the same series." In light of plain language and legislative history of statute, court held that "any revision" language should apply only to "later editions of a particular issue of a periodical, such as the final edition of a newspaper," but not to "a new anthology or entirely different magazine or other collective work," such as NEXIS database. Court noted that § 201(c) "would not permit a publisher to sell a hard copy of an author's article directly to the public even if the publisher also offered for individual sale all of the other articles from the particular edition. We see nothing in the revision privilege that would allow the publishers to achieve the same goal indirectly through NEXIS." Same reasoning applied to all databases at issue, whether articles were transmitted as text files or as scanned photographic images of actual pages from periodicals. Because even scanned databases contained articles from numerous other periodicals, court held that they are at best "new anthology" rather than "revision" of original collective work.

A&M Records, Inc. v. Napster, Inc., 54 U.S.P.Q.2d 1746 (N.D. Cal. 2000)

Court entered summary judgment against Internet service that allows users to exchange unauthorized music files between and among themselves, finding service ineligible for "safe harbor" under § 512(a) of Digital Millennium Copyright Act ("DMCA"). Defendant facilitates communications between "host" computers (which contain unauthorized MP3-format copies of particular sound recordings) and users seeking music stored on those host computers. When user selects particular sound recording from index of titles on defendant's site, defendant provides requesting user's computer with address of host computer on which copy of that song resides, and music is transmitted from host to requesting user without any further action by either party. When recording industry plaintiffs brought action alleging contributory and vicarious infringement, defendant moved for summary judgment, arguing that even if its users were committing infringing acts, service was entitled to "safe harbor" from monetary liability under § 512(a) of DMCA. Court disagreed, holding that defendant's service did not qualify for § 512(a) safe harbor. Under § 512(a), liability can only be avoided where service provider facilitates or engages in transmission or routing of copyrighted material "through a system or network controlled or operated by or for the service provider," whereas here, transmission of MP3 files from user to user occurs through Internet, not through defendant's system, and "the Internet cannot be considered a system or network controlled or operated by the service provider." Court noted, however, that § 512(a) covers not only transmissions, but also "routing" and "providing connections," and each of these functions must be analyzed separately. As to "routing," "[i]t is clear from both parties' submissions that the route of the allegedly infringing material goes through the Internet from the host to the receiving server, not through [defendant's] server." Similarly, defendant does not "provide connections" through its system: "Although the [defendant] server conveys address information to establish a connection between the requesting and host users, the connection itself occurs through the Internet. . . . this court cannot say that [defendant] serves as a conduit for the connection itself, as opposed to the address information that makes the connection possible. [Defendant] enables or facilitates the initiation of connections, but these connections do not pass through the system within the meaning of 512(a)." Court added that even if defendant had qualified for safe harbor of § 512(a), it did not timely adopt written policy advising its users of possible termination, and failed to make reasonable efforts to terminate repeat infringers, thus precluding application of safe harbor even if technology could arguably meet statutory definitions.

Los Angeles Times v. Free Republic, 54 U.S.P.Q.2d 1453 (C.D. Cal. 2000)

Plaintiffs sued, alleging infringement of copyrights by posting verbatim copies of plaintiffs' news articles, sometimes with defendant's editorial comment, on defendant's website for further comment by visitors to defendant's website. Defendant moved for summary judgment, arguing that posting of entire text of articles on its website was protected by First Amendment, and plaintiffs cross-moved. Court granted plaintiffs' cross motion and rejected defendant's First Amendment defense. Defendant argued that to preclude copying of articles would interfere with First Amendment interests of visitors to defendant's site, since defendant would have difficulty illustrating media bias without using full text of plaintiffs' articles, and visitors to site would thus not be able to comment on manner in which media covers current events. Court rejected argument, holding that defendant failed to show that copying articles verbatim was essential to communication of opinions and criticisms of visitors to defendant's website.

VII. REMEDIES

A. Damages and Profits

Hamil Am., Inc. v. GFI, 193 F.3d 92 (2d Cir. 1999)

Reversing district court, Second Circuit held that manufacturer of infringing fabric design was entitled to deduct proportionate share of overhead and other fixed expenses from gross revenue, for purposes of determining damages, and remanded for recalculation of damage award. Citing Learned Hand decision in *Sheldon v. Metro-Goldwyn Pictures Corp.*, 106 F.2d 45 (2d Cir. 1939), court held that infringer must first identify "what overhead expense categories (such as rent, business, entertainment, personnel and public relations) are actually implicated by the production of the infringing product," showing a "sufficient nexus" between claimed expense and infringing activity, and then "arrive at a fair, accurate and practical method of allocating the implicated overhead to the infringement." Thus, district court's refusal to allow overhead deductions unless defendant "could show that its overhead was actually increased" by production of infringing pattern was erroneous, even though infringement was held to be willful. Even willful infringers may deduct overhead, held Second Circuit, if "each category [of expense] is directly and validly connected to the sale and production of the infringing product." Court concluded "because the district court erred under *Sheldon* in applying a blanket prohibition of all overhead deductions, we reverse on this issue and remand for a recalculation of [defendant's] profits."

Kepner-Tregoe, Inc. v. Vroom, 186 F.3d 283 (2d Cir. 1999)

Second Circuit affirmed $100,000 award in statutory damages for university professor's willful infringement stemming from breach of exclusive licensing agreement with corporation to license his copyrighted management training materials. Professor argued that he had good faith basis to use licensed materials for his own private business based on clause in licensing agreement that gave professor rights to use materials for his "own teaching and private consultation work." However, licensee argued that professor willfully infringed after two other federal courts found his use infringing. Circuit court, reviewing district court finding under clearly erroneous standard, held that professor continued to use materials even after Texas district court and Fifth Circuit found that professor's own corporation had infringed when professor assigned rights to same materials to that corporation. Calling his conduct "antithesis of innocence," circuit court held maximum statutory damage award and award of attorneys' fees was justified.

Three Boys Music Corp. v. Bolton, 212 F.3d 477 (9th Cir. 2000)

Ninth Circuit affirmed jury verdict that Michael Bolton's 1991 pop hit "Love Is a Wonderful Thing" infringed copyright of 1964 Isley Brothers song of same name. Court also affirmed apportionment and allocation of profits of defendants. Record company defendant argued district court erred in allowing individual defendants, but not it, to deduct income taxes due to profits from album. Whether income taxes are considered "deductible expenses" under § 504(b) is issue of first impression in Ninth Circuit. Following Second Circuit case of *In Design v. K-Mart Apparel Corp.*, 13 F.3d 559, 567 (2d Cir. 1994), court affirmed district court's decision to allow non-willful infringers to deduct income taxes. Record company never actually paid taxes because of Net Operating Loss Carry-forward (NOL), and court affirmed district court refusal to allow deduction of NOL.

Segrets, Inc. v. Gillman Knitwear Co, Inc., 207 F.3d 56 (1st Cir. 2000)

First Circuit vacated magistrate's statutory damages award, and remanded for jury trial. District court granted plaintiff summary judgment on defendant's actual copying of two sweater designs, and substantial similarity of one of defendant's sweaters to plaintiff's design. Magistrate judge denied defendant's motion for jury trial, and found second sweater, as well as third sweater in certain color combination, substantially similar to plaintiff's designs. Concluding that defendant's infringements were willful, magistrate awarded statutory damages in amount approximately four times defendant's profits attributable to infringement. Subsequently, Supreme Court in *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340

(1998), established that Seventh Amendment provides right to jury trial on all issues pertinent to statutory damages award under § 504(c) of Act. *Feltner* applied retroactively, and plaintiff did not dispute necessity for jury trial determination of statutory damages. Court, noting *Feltner* does not require jury trial on issues resolved on summary judgment or that could have been resolved by judgment as matter of law, affirmed all three district court findings of copying, and two of three findings of substantial similarity. As to determination of willfulness, however, despite strength of plaintiff's evidence, determination involves steps not permitted in directed verdict context, *i.e.*, assessing witness credibility, resolving conflicts in testimony, and evaluating weight of evidence. Question therefore was remanded, with statutory damages question, to jury.

Infinity Broad. Corp. v. Kirkwood, 63 F. Supp.2d 420 (S.D.N.Y. 1999)

Court awarded statutory damages in minimum amount for each of three infringements of plaintiff's copyright in radio broadcasts. Defendant operated dial-up "listen line" service which enabled subscribers to listen, for fee, to radio broadcasts in remote cities by calling telephone number in desired city, then tuning to desired station using telephone keypad. Second Circuit previously denied defendant's fair use defense, 150 F.3d 104 (2d Cir. 1998). District court on remand held defendant not entitled to § 111(a)(3) passive carrier exemption. Appropriate considerations in determining statutory damages award include defendant's intent, need to deter future violations, and economic benefits and detriments of infringement to plaintiff and defendant. Court found no reason to conclude defendant should be punished or that substantial award was necessary for either general or specific deterrence. There was no evidence plaintiff was harmed by infringements, which consisted of retransmissions of broadcasts to agent of plaintiff, which framed litigation as test case. Nor was there persuasive evidence operation generally harmed plaintiff or benefited defendant, who consistently lost money on venture. Defendant was not "rip-off artist," but rather had non-frivolous, well-considered position, on two independent bases, that service did not infringe plaintiff's rights. Accordingly, court awarded statutory minimum of $500 for each of three infringements.

Lyons P'ship v. AAA Entm't, Inc., 53 U.S.P.Q.2d 1397 (S.D.N.Y. 1999)

Court awarded $48,500 statutory damages. Plaintiff, which owned 176 registered copyrights in Barney and related children's entertainment characters, sued numerous commercial entities and individuals who had used or rented full-size Barney costume without license. Court previously entered default judgment and injunctions against defendants here. Court awarded minimum $500 statutory damages for each of ninety-seven infringed copy-

rights, excluding from list of infringed copyrights twenty-five for audio tapes and fifty-four for radio programs, since plaintiff had not alleged conduct involving copying of audible elements of copyrighted works. Court, which also awarded plaintiff defendants' profits under Lanham Act § 35(a), held dual awards permissible based on differing nature of injuries compensated under each statute. Award under trademark statute is compensatory only, while statutory damages under Copyright Act may serve purposes of deterrence and punishment as well. Court held its statutory damages award here to be for such purposes, so dual awards were not duplicative.

Ushodaya Enters., Ltd. v. V.R.S. Int'l, Inc., 64 F. Supp.2d 352 (S.D.N.Y. 1999)

Following bench trial, district court denied request by plaintiff for award of statutory damages of $100,000 and attorneys' fees upon finding that plaintiff failed to prove that defendant's infringement occurred after registration of plaintiff's copyright for pickle-bottle label. Plaintiff submitted no proof that infringing use commenced after August 19, 1996, effective date of copyright registration, and evidence in record suggested that infringing use commenced before that date. In addition, registration of copyright was not made within three months of first publication. Thus, plaintiff failed to comply with § 412 of Act. Court further found that plaintiff did not produce any evidence at trial showing what damages it sustained as result of defendants' copyright infringement.

Almond Int'l, Inc. v. Arpas Int'l, Ltd., Copyr. L. Rep. ¶ 27,922 (S.D.N.Y. 1999)

Court awarded statutory damages and legal fees and costs in full amounts requested by plaintiffs. Parties had entered into stipulation of settlement in which defendants admitted liability for violation of plaintiffs' copyrights in three items of jewelry. Court found no merit in defendants' contentions that they were unaware of plaintiffs' copyright, that they immediately ceased selling items when contacted by plaintiffs, and that their good-faith attempts to settle were impeded by plaintiffs' discovery requests and financial demands. Court noted that, while parties stipulated that evidence adduced established only *de minimis* sales of infringing items, defendants admitted to destroying packing lists that would have identified particular items imported for sale, in violation of both Customs regulations and rational business practice. Fact that defendants initially denied sales of infringing items, and attempted to deceive plaintiffs as to corporate relationship, strengthened inference that sales were substantially greater than could be proven through discovery, and that violations were willful. Plaintiffs' request for $10,000 damages for each of three copyright viola-

tions was, accordingly, extremely reasonable. Also reasonable and appropriate, in court's judgment, was plaintiffs' request for $37,000 in legal fees and costs; while defendant had offered to settle at outset, circumstances justified plaintiff's insistence on obtaining documentary discovery before agreeing to settlement.

Blue Ribbon Pet Prods., Inc. v. Rolf C. Hagen Corp., 66 F. Supp.2d 454 (E.D.N.Y. 1999)

Plaintiff sued U.S. company and its Canadian parent for infringement of plaintiff's copyrighted aquarium ornaments. Court found willful infringement where defendants had access to copyrighted ornaments, were advised that ornaments were copyrighted, and received plaintiff's goods bearing copyright notices. Given close resemblance between infringing ornaments and copyrighted ones, court found defendants acted with knowledge or reckless disregard of plaintiff's rights. Although willful infringement found, court was mindful of defendant's low net sales, and only awarded $20,000 in statutory damages for each of four copyrights infringed, plus attorney fees and costs.

Codespoti & Assocs. v. Bartlett, 51 F. Supp.2d 125 (D. Conn. 1999)

Court awarded prejudgment monetary remedy for infringement of copyrighted housing project site plan in amount plaintiff had quoted defendant for use of plan. Builder submitted proposal for senior housing project in Orange, Connecticut which included site plan developed by plaintiffs. Town awarded project to another party, who sold development rights to defendants. Town, however, "informally expressed satisfaction" with plaintiffs' plan, and defendants without notice to or permission from plaintiffs consulted and used plaintiffs' plan in preparing their own, instructing architect to follow plaintiffs' design closely and duplicate its "feel." Plaintiffs, in response to defendants' solicitation, quoted defendants $97,000 for services including use of plan, but defendants did not engage plaintiffs' services. While plaintiffs sought as damages $600,000, claimed fair market value of plan, court found evidence insufficient to support that amount, awarding instead amount plaintiffs would have accepted for use of plan. Court noted that on proper evidence at trial plaintiffs might well be found entitled to defendants' profits attributable to use of plan.

Brown v. McCormick, 87 F. Supp.2d 467 (D. Md. 2000)

Defendants Universal City Studios, Inc. and Amblin Entertainment hired defendant McCormick, professional quilter, as technical consultant for film *How to Make an American Quilt*. McCormick engaged plaintiff to create fifteen "quilt block" designs, under agreement that authorized studio to make and use in film one quilt based on designs, in which plaintiff

retained copyright. Defendants produced second quilt incorporating quilt block which "borrowed basic design" of one of plaintiff's blocks, and used both quilts in film as well as promotional and advertising campaign. Court held that creation and all uses of second quilt, and displays of first quilt other than in film or in connection with promotion of film, infringed plaintiff's copyright. Court found none of defendants' infringements were willful, however. Defendant Universal, which in "flurry of production" relied on McCormick to obtain necessary authorizations, was "guilty of sloppiness, but not willful infringement," while McCormick, as non-lawyer, did not understand complexity of copyright law. Evidence, moreover, supported neither injunctive relief nor award of attorneys' fees sought by plaintiff. For infringement of plaintiff's design through creation of second block, court awarded actual damages of $50, amount plaintiff would have received for creating additional pattern. For infringement of plaintiff's designs through display of quilts in tie-in book, court awarded $7000 statutory damages, $500 per infringement of each of fourteen copyrighted patterns, and statutory damages in same amount for McCormick's unauthorized display of quilt on cable TV programs. For unauthorized display of quilts at exhibitions, court awarded nominal damages of $1, and awarded no damages with respect to infringement of plaintiff's design by display of second block on promotional T-shirts and tote bags, noting in each case that plaintiff suffered no actual damages, and defendants earned no profits. Finally, Universal and Amblin were liable to plaintiff for her share of profits derived from use of infringing quilt block in film. While Universal lost money on film, Amblin received production fee of $2 million, which court deemed appropriate measure from which to calculate plaintiff's damages. Crediting defendants' expert testimony as to relative value of plaintiff's contribution to film, court awarded plaintiff .0001176% of Amblin's profits, or $2.35.

Phillips v. Kidsoft, L.L.C., 52 U.S.P.Q.2d 1102 (D. Md. 1999)

Court granted plaintiff's motion for partial summary judgment of willful infringement, entitling plaintiff to enhanced statutory damages. Plaintiff was author of numerous mazes and books of mazes. Defendant admittedly scanned some thirty mazes from five of plaintiff's books into its computers, altered mazes by adding color, texture, and new artwork, and published them on website and in print magazine. Evidence before court of defendant's "studied effort to make minor distinctions" demonstrated defendant's constructive knowledge and reckless disregard of plaintiff's rights. Supreme Court's holding in *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340 (1998), that Seventh Amendment provides right to jury trial on all issues pertaining to statutory damages award, did not render summary judgment standards and procedures inapplicable in copyright

context. Court, accordingly, was not precluded from ruling on willfulness of infringement at summary judgment stage of litigation. Court also granted defendant's motion for partial summary judgment that, for purposes of calculating statutory damages, it infringed only five of plaintiff's works. Plaintiff held copyright registrations for maze theme books and not for individual mazes therein; accordingly, books, and not mazes, were "works" infringed for purposes of calculating statutory damages under § 504(c)(1).

Alexander v. Chesapeake, Potomac, & Tidewater Books, Inc., 60 F. Supp.2d 544 (E.D. Va. 1999)

Author terminated contract with original publisher for failure to make timely royalty payments and entered agreement with new publisher. After issuing revised edition of work, author discovered former publisher was still distributing old edition of work. Author sued and jury awarded author $16,175.50 for breach of contract and $57,750 for tortious interference with contract. Because finding of copyright infringement "follows necessarily from the jury's verdict," court then evaluated author's claim for damages in amount of defendant's profits from sales of infringing copies. Defendant claimed award of copyright damages would result in double recovery due to jury's award on contract claims, and court stated "[t]he question is, then, whether the jury's damages award fully compensated [author] for the injury that would be redressed by an award of defendant's profits under the Copyright Act." Court analyzed nature of jury's awards for tortious interference and breach of contract, concluding that while former redressed lost sales suffered after author published new edition of work, it did not redress lost sales before that time because there were no sales to be lost. Therefore, award to author of defendant's profits from period after termination of contract but before publication of new edition was proper. Award of lost profits from period after publication of new edition would be duplicative, however, since jury's award covered actual damages. In calculating defendant's profits, burden was on plaintiff to show gross revenues and on defendant to demonstrate deductible expenses and revenues attributable to non-infringing sales. Defendants failed to meet this burden and also failed to provide sufficient details relating to overhead to allow deduction of overhead from profits. Accordingly, plaintiff was awarded copyright damages of $53,622, representing total profits attributable to sale of work, less royalties actually paid and less amount of relevant portion of jury's award on contract claims. Court also ordered destruction of printer's plates and film and any remaining copies of infringing edition of work "to insure against future infringement."

Eiben v. A. Epstein & Sons Int'l, Inc., 57 F. Supp.2d 607 (N.D. Ill. 1999)

In case involving allegedly infringing use and reproduction of architectural plans in connection with renovation and alteration of building, court excluded evidence of use of plans because contract between parties had provided building owner could use plans "in connection with . . . use and occupancy" of building. Court also precluded plaintiff from presenting evidence of "actual damages" where sole evidence was plaintiff's own assertion of amount he would have demanded for use of drawings.

Columbia Pictures Indus., Inc. v. T & F Enters., Inc., 68 F. Supp.2d 833 (E.D. Mich. 1999)

Motion picture companies sued owners of video rental business alleging infringement of copyrights in films. Following grant of summary judgment to plaintiffs, court awarded minimum statutory damages of $500 for each of 363 copyrights infringed. Court also held defendants not entitled to set off against damage award in current civil action amount of restitution they paid in prior criminal case related to same acts.

ZZ Top v. Chrysler Corp., 70 F. Supp.2d 1167 (W.D. Wash. 1999)

Court granted defendant's Motion Permitting Deductions of Overhead in computing damages award based on defendant's profits. Court previously granted plaintiffs' motion for partial summary judgment of liability for copyright infringement. Court declined to apply rule, adopted by several circuits, denying deduction of overhead expenses as affirmative punishment where infringement is found to be willful. Neither statutory language nor legislative history supported rule, court noted, and Ninth Circuit had not yet adopted such rule.

B. Attorneys' Fees

Domingo Cambeiro Prof'l Corp. v. Advent, Copy. L. Rep. ¶ 28,037 (9th Cir. 2000)

In first of two unpublished opinions issued on same point of law on same day, Ninth Circuit affirmed award of attorneys' fees to defendants on grounds that it was objectively unreasonable for plaintiff to refile case in state court after federal court held that plaintiff's claims were preempted by Copyright Act. Plaintiff architect, complaining that defendants used his architectural drawings for shopping center as basis for their Las Vegas "New York-New York Hotel," first sued defendants in federal district court alleging conversion and unjust enrichment, as well as copyright infringement. District court dismissed state claims on preemption grounds and granted summary judgment to defendants on copyright claims. Plaintiff then filed new complaint in state court again alleging conversion and

unjust enrichment. Defendants removed action to district court and moved to dismiss on basis of *res judicata*. District court denied plaintiff's motion to remand to state court, dismissed case as *res judicata*, and awarded attorney fees. On appeal, plaintiff-appellant defended his conduct by arguing merits of preemption and removal jurisdiction, but Ninth Circuit held that "given the doctrine of *res judicata* and the clear implication of the [district] court's prior ruling on preemption," plaintiff's decision to refile in state court was objectively unreasonable and award of attorneys' fees to defendant was proper.

Domingo Cambeiro Prof'l Corp. v. Advent, Nos. 99-17057, 99-15893, 2000 U.S. App. LEXIS 3658 (9th Cir. 2000)

In second of two unpublished opinions issued on same day, Ninth Circuit affirmed award of attorneys' fees to defendants on grounds that it was objectively unreasonable for plaintiff to refile case in state court after federal court held that plaintiff's claims were preempted by Copyright Act. Plaintiff architect, complaining that defendants used his architectural drawings for shopping center as basis for their Las Vegas "New York-New York Hotel," first sued defendants in federal district court alleging conversion and unjust enrichment, as well as copyright infringement. District court dismissed state claims on preemption grounds and granted summary judgment to defendants on copyright claims. Plaintiff then filed new complaint in state court again alleging conversion and unjust enrichment. Defendants removed action to district court and moved to dismiss on basis of *res judicata*. District court denied plaintiff's motion to remand to state court, dismissed case as *res judicata*, and awarded attorney fees. On appeal, plaintiff-appellant defended his conduct by "challenging the court's use of analytic dissection," arguing that district court erroneously removed from its substantial similarity analysis "all elements of the accused works by finding them to be merely 'ideas.'" Court of Appeals rejected premise that district court must "leave in" all unprotected elements when comparing compilation with allegedly infringing work, citing Ninth Circuit's two-pronged substantial similarity test which first determines protectible elements of work and only then compares works. Court of Appeals further held that "it was objectively unreasonable for [plaintiff] to refuse to identify the source of the alleged similarity between its works and the New York Hotel. It was also objectively unreasonable for [plaintiff] to oppose the use of analytic dissection under the extrinsic test." Given doctrine of *res judicata* and clear implication of the district court's ruling on preemption, plaintiff's decision to refile in state court was objectively unreasonable and award of attorneys' fees to defendant was proper.

Rebis v. Universal Cad Consultants, Inc., 189 F.3d 474 (9th Cir. 1999)

In case concerning infringement of software program Pro-PIPE by program Multi-Pipe, Ninth Circuit affirmed default judgment, including injunction against sale of software, and contempt judgment based on claim that defendant continued to sell software through new corporation under new name. Court also awarded attorneys' fees to plaintiff-appellee for work on appeal. With almost no discussion, court stated that prevailing party is entitled to fees under § 505 of Copyright Act "since defending an appeal of relief granted serves the purposes of the Copyright Act." Notably, court referred twice in short opinion to district court finding that appellant's claim of confusion about court order was "not credible."

Harris Custom Builders, Inc. v. Hoffmeyer, No. 98-3662, 1999 U.S. App. LEXIS 13515 (7th Cir. June 17, 1999)

Seventh Circuit held that award of attorney fees to defendant was appropriate in case where court determined that house plans published by owner in abbreviated form in uncopyrighted brochures lost copyrighted status. Award was justified because plaintiff could not provide evidence to prove that defendant engaged in bad conduct during course of litigation, and court properly exercised discretion in awarding fees.

Ale House Mgmt., Inc. v. Raleigh Ale House, Inc., 205 F.3d 137 (4th Cir. 2000)

Plaintiff sought injunction preventing defendant from opening similar restaurant facility, alleging defendant's floor plans infringed plaintiff's copyright in its floor plans. District court granted defendant's motion for summary judgment and awarded defendant attorneys' fees under Copyright Act. In affirming award of attorneys' fees, court reviewed Fourth Circuit factors, which are (1) motivation of parties; (2) objective reasonableness of legal and factual positions advanced; and (3) need to advance considerations of compensation and deterrence. Court reviewed district court observations that plaintiff alleged erroneous facts due to reliance on form complaint; that plaintiff withdrew anti-dilution claim after defendant pointed out inapplicability; that plaintiff failed to tailor factual allegations to this case; and that plaintiff is large company which used resources to hinder defendant's business venture. In addition, court noted that plaintiff had initially asserted claim for infringement occurring in 1988 but, because claim was based on statute which had not passed until 1990, plaintiff had been required to withdraw claim. Exercise of discretion to award attorneys' fees affirmed.

Mitek Holdings, Inc. v. Mitek Indus., Inc., 198 F.3d 840 (11th Cir. 1999)

Eleventh Circuit vacated award of attorneys' fees to defendant on basis that district court erred in only considering financial means of parties. District court failed to weigh relevant non-exclusive factors and exercise discretion. Court held that when determining award of attorneys' fees, court's primary consideration should be whether award would further goals of Copyright Act, and not parties' ability to pay.

Infinity Broad. Corp. v. Kirkwood, 63 F. Supp.2d 420 (S.D.N.Y. 1999)

Court denied plaintiff's application for attorneys' fees. Defendant operated dial-up "listen line" service which enabled subscribers to listen, for fee, to radio broadcasts in remote cities by calling telephone number in desired city, then tuning to desired station using telephone keypad. Second Circuit previously denied defendant's fair use defense, 150 F.3d 104 (2d Cir. 1998). District court on remand held defendant not entitled to § 111(a)(3) passive carrier exemption. Applying factors set forth in *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994) — frivolousness, motivation, objective unreasonableness of both factual and legal components of case, and need in particular circumstances to advance considerations of compensation and deterrence — court found none supported award of attorneys' fees. Defendant was not "rip-off artist," but rather had non-frivolous, well-considered position, on two independent bases, that service did not infringe plaintiff's rights. Court noted further that defendant, who appeared *pro se*, conducted case "exceptionally responsibl[y]," readily stipulating to facts and expeditious modes of proceeding, facilitating economical handling of litigation.

Kroll-O'Gara Co. v. First Defense Int'l, 54 U.S.P.Q.2d 1511 (S.D.N.Y. 2000)

After grant of permanent injunction, court awarded plaintiff $25,998.40 in attorneys' fees. Defendant appropriated significant portions of graphics and text from plaintiff's website. After defendant failed to respond to plaintiff's cease and desist letter or remove infringing material, court granted preliminary injunction based on likelihood of success of plaintiff's infringement claim. Defendant agreed to make injunction permanent. Court found that when defendant is warned and has ample opportunity to cease and desist prior to lawsuit, attorneys' fees are clearly justified. Court assessed reasonableness of fees by evaluating amount of work, skill involved, and results achieved by attorneys. Lastly, court stated that application must include attorneys' time records specifying date, hours expended, and nature of work performed.

Matthew Bender & Co. v. West Publ'g Co., 53 U.S.P.Q.2d 1436 (S.D.N.Y. 1999)

Court awarded plaintiff $813,724 in attorneys' fees. Plaintiffs successfully sought declaratory judgment that "star pagination" citations indicating first page number and page breaks in West's printed versions of opinions would not infringe West's copyright in compilations, and Second Circuit affirmed. *Matthew Bender & Co. v. West Publ'g Co.*, 158 F.3d 693 (2d Cir. 1998). Plaintiff Hyperlaw, Inc., then sought order granting it attorneys' fees pursuant to § 505 of Copyright Act. Court applied "nonexclusive factors" set forth in *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994): frivolousness, motivation, objective unreasonableness (both in factual and legal components of case) and need in particular circumstances to advance considerations of compensation and deterrence. West, court noted, was seeking to protect not original work of authorship, which would clearly foster purposes of Act, but rather work consisting predominantly of work of government agencies. Court found that, while arguments advanced by West were not necessarily in bad faith, West's conduct of litigation was. Rather than cooperate in plaintiff's efforts to obtain judicial resolution, West "strove mightily" to avoid adjudication of rights and make it difficult for plaintiff to determine portions of opinions which were in public domain. West's conduct, coupled with its failure, in violation of § 403 of Act, to delineate in its copyright notices portion of works as to which protection was claimed, made award of attorneys' fees "totally appropriate." On question of whether specific amount requested by plaintiff was reasonable, court rejected argument that plaintiff should not be compensated for time spent on issues on which it did not prevail or on withdrawn claims, noting clients are not billed only for time spent on successful motions or in developing theory that ultimately prevails. Court agreed with West that plaintiff was entitled to recover at actual rates charged by counsel during years in question, not higher rate that might have been charged by other lawyers in similar cases. Contrary to West's argument, however, plaintiff was entitled to collect fees for time spent on case by its general counsel, at rate charged by counsel to other clients during course of litigation.

Global Liaisons, Inc. v. Black Diaspora Communications, Ltd., 52 U.S.P.Q.2d 1124 (S.D.N.Y. 1999)

Court affirmed jury award of $1500 for infringement of seven recipes published by defendants in magazine. Court also awarded $10,830.25 in attorneys' fees and costs pursuant to 17 U.S.C. § 505 based on finding that defendants had acted "willfully and without colorable excuse." Court evaluated factors of frivolousness, motivation, objective unreasonableness and need to advance considerations of compensation and deterrence. Court found that defendants had copied plaintiffs' recipes primarily to en-

hance value of their magazine and also found that defendants' legal defenses, which included "counterclaim" of damages for lost sales of magazines that defendants voluntarily chose not to release, were "frivolous."

Lyons P'ship v. AAA Entm't, Inc., 53 U.S.P.Q.2d 1397 (S.D.N.Y. 1999)

Court declined to award attorneys' fees to prevailing plaintiff based on inadequate fee record submission. Plaintiff, which owned registered copyrights in Barney and related children's entertainment characters, sued numerous commercial entities and individuals who had used or rented full-size Barney costume without license. Court previously entered default judgment and injunctions against defendants here. Court awarded minimum $500 statutory damages for each of ninety-seven infringed copyrights, for total of $48,500, as well as defendants' profits under Lanham Act § 35(a). Court noted infringement claims were plainly well grounded, defaulting defendants' conduct was willful, and "relatively modest" damages award suggested deterrence would appropriately be served by fee award. However, recitation in fee application "upon information and belief" that firm expended "not less than twenty attorney hours . . . at a rate of $130 per hour" was deficient. Court would allow fee award if properly detailed submission were made within seven days.

Procter & Gamble Co. v. Colgate-Palmolive Co., Copyr. L. Rep. ¶ 27,924 (S.D.N.Y. 1999)

Plaintiff claimed that defendant's toothpaste commercials infringed plaintiff's toothpaste commercials. Court awarded judgment on all claims to defendant and defendant sought $4 million in attorneys' fees. Court declined to award attorneys' fees, following principles set forth in *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994). Court noted that case involved complicated questions of fact and law and that court's decision was not foregone conclusion. Court concluded that award was not appropriate in this case because "it was not frivolous nor objectively unreasonable for plaintiff to maintain that its works were copied by defendants." Moreover, court determined that plaintiff did not have improper motives in initiating action, and that policies underlying Act would not be served by fee award.

Gerig v. Krause Publ'ns, Inc., 58 F. Supp.2d 1261 (D. Kan. 1999)

In action by photographer over use in book of seventy images which were originally commissioned only for publication in magazine, court rejected claim for statutory damages and attorneys' fees on grounds that infringing work was published in October 1997, but plaintiff's registrations did not become effective until December 1997 and January 1998. Section 412 of Act "leaves no room for discretion, mandating that no attorneys' fees or

statutory damages be awarded so long as the infringement commenced before registration of the copyright." Nor was plaintiff entitled to three-month grace period of § 412(2) because works were not registered within three months of first publication, which occurred in magazines between 1991 and 1995.

O'Well Novelty Co. v. Offenbacher, Inc., 52 U.S.P.Q.2d 1020 (D. Md. 1999)

Plaintiff claimed copyright for collection of porcelain houses and on houses themselves, based on pictures of actual houses in catalog. Plaintiff sued defendant for copyright infringement for selling infringing porcelain houses manufactured by third party. Third party manufacturer had been provided sculptors' plans from plaintiff for purpose of manufacturing houses. Jury found in favor of defendant on all claims and defendant moved for award of attorneys' fees. In exercising discretion on award of attorneys' fees, court must consider (1) motivation of parties; (2) objective reasonableness of legal and factual positions advanced; (3) need for deterrence and compensation; and (4) any other relevant factors. Court found that (1) plaintiff took inconsistent legal positions regarding porcelain houses at issue and did not maintain its legal position in good faith; (2) many of plaintiff's positions were unreasonable; (3) deterrence warranted because plaintiff involved in number of similar lawsuits; and (4) defendant obtained victory on every claim and majority of discovery and evidentiary issues. Under such circumstances, court held award of attorneys' fees and related costs reasonable.

Phillips v. Kidsoft, L.L.C., 52 U.S.P.Q.2d 1102 (D. Md. 1999)

Court, denying defendant's motion for partial summary judgment, held plaintiff entitled to attorneys' fees under § 505. Plaintiff was author of numerous mazes and books of mazes. Defendant admittedly scanned some thirty mazes from five of plaintiff's books into its computers, altered mazes by adding color, texture, and new artwork, and published them on website and in print magazine. Court granted plaintiff's motion for partial summary judgment of willful infringement, finding that evidence before it of defendant's "studied effort to make minor distinctions" demonstrated defendant's constructive knowledge and reckless disregard of plaintiff's rights. Considering plaintiff's motion for attorneys' fees, court applied discretionary factors provided by Fourth Circuit: (1) motivation of parties; (2) objective reasonableness of legal and factual positions advanced; (3) considerations of compensation and deterrence; and (4) any other relevant factor presented. While evidence fell short of showing malice or bad faith, court found defendant's position regarding its use of plaintiff's mazes objectively unreasonable. Despite defendant's being bankrupt, court held at-

torneys' fee award was also necessary to deter defendant from similar future conduct, noting defendant had declared bankruptcy under Chapter 11, under which purpose of reorganization is to preserve business and avoid liquidation. Whether plaintiff suffered any actual damages from defendant's acts had no bearing on his entitlement to attorneys' fees.

ABC, Inc. v. PrimeTime 24 Joint Venture, 67 F. Supp.2d 558 (M.D.N.C. 1999)

In case under Satellite Home Viewer Act involving infringing "secondary transmissions" to Canada of ABC programs, plaintiff ABC previously won summary judgment (17 F. Supp.2d 467) and prevailed on appeal to Fourth Circuit (51 U.S.P.Q.2d 1451 (4th Cir. 1999)). On motion for attorneys' fees, court here awarded all but $7,000 of ABC's claimed fees of $612,240. Court rejected PrimeTime's argument that ABC was not entitled to fees because original broadcast was "unpublished" before effective date of registration, within meaning of 17 U.S.C. § 412. Court held that while broadcast *per se* was not publication, offers by ABC on date of broadcast to distribute programs to Canada and for further distribution or performance constituted "publication" within meaning of Act. Court also rejected argument that under doctrine of territoriality, publication must be in U.S. for there to be infringing act and, therefore, award of fees. But axiom that U.S. copyright laws "have no application to extraterritorial infringement" is "an issue wholly unrelated to that of publication" under § 412. ABC therefore satisfied prerequisites to award of fees. It was also no bar to recovery that ABC's fees were paid by third-party industry group. As to test for discretionary award of fees, (1) "motivation of parties" favored ABC where defendant knew and directly contravened legal standards, which it had lobbied against; (2) "objective reasonableness of legal and factual positions" favored ABC where defendant repeatedly advanced legal arguments squarely at odds with language and legislative history of SHVA; (3) need to advance considerations of "compensation and deterrence" favored ABC where defendant had repeatedly infringed and showed "willful disregard for requirements of SHVA." Fee award was therefore appropriate. In evaluating reasonableness of amount of fee award, court analyzed twelve factors, including time and labor required in preparing case, novelty and difficulty of issue, amount in controversy and results obtained, etc. Fees were finally reduced by only $7,000 attributable to time spent by one attorney during one deposition in which he appeared in his capacity as spokesperson for ABC, rather than as counsel.

Whitehead v. Paramount Pictures Corp., 53 F. Supp.2d 38 (D.D.C. 1999)

Former low-level CIA agent claimed that film and novelization *Mission: Impossible* and film *Bad Company* infringed autobiographical account of

seven years with CIA. Court granted summary judgment to defendants on grounds that no reasonable trier of fact could find works substantially similar. Court refused to exercise discretion to award fees despite finding that case was "patently frivolous" and claims were "objectively unreasonable." Moreover, some sanction appeared necessary as plaintiff had filed nine actions claiming infringement by works from *Titanic* to *How Stella Got Her Groove Back*. But court concluded that fees were not appropriate because plaintiff filed complaint pro se and instant case was one of earlier filed actions. Nonetheless, court warned that it might award fees and costs if other actions pending before court were "as completely lacking in merit" as this action.

Alexander v. Chesapeake, Potomac, & Tidewater Books, Inc., 60 F. Supp.2d 544 (E.D. Va. 1999)

In case by author and his publisher against former publisher over rights to publish author's stories, jury awarded contract-based damages and court awarded further damages for copyright infringement. But court rejected plaintiff's motion for attorneys' fees, because (1) record did not support finding that defendant acted in bad faith or willfully infringed author's copyrights; (2) defendant's legal and factual claims were objectively reasonable, even if unpersuasive; (3) award of fees would not further goals of compensation and deterrence where plaintiff was already adequately compensated and defendant's arguments were not frivolous. Finding of breach of contract by defendant did not indicate likelihood of future infringement or that infringement was element of defendant's business practice.

C. Injunction/Impoundment

Epic Metals Corp. v. Condec, Inc., 181 F.3d 1280 (11th Cir. 1999)

Plaintiff sued for trade dress infringement of its steel decking product design and for copyright infringement of its related catalogs and promotional materials. District court found infringement on both claims and permanently enjoined defendant's activities. On earlier appeal, Eleventh Circuit reversed district court's finding of trade dress infringement but upheld finding of copyright infringement, namely that defendant wrongfully copied portions of plaintiff's catalogs and used them to obtain necessary UL fire rating certification for defendant's decking product. On remand, trial court struck part of injunction forbidding defendant from manufacturing product but retained paragraph forbidding future copyright violations. Plaintiff moved for additional modification of injunction to prevent defendant from representing that its product had necessary UL fire rating because defendant received its rating based upon plaintiff's copyrighted materials. Use of plaintiff's copyrighted materials saved defendant over

$70,000 in fire testing. Trial court granted motion and defendant appealed. Trial court was within its discretion in concluding that appellate mandate effected change in circumstances requiring modification of injunction. Circuit court upheld modified injunction, finding that modification prevented windfall to defendant by preventing its use of rating obtained through copyright violation.

Sedovic v. Alesandro, 53 U.S.P.Q.2d 1059 (S.D.N.Y. 1999)

Court denied request for preliminary injunction to destroy church in case based on alleged infringement of architectural drawings of church. Court concluded that plaintiff architect had not established likelihood of success in showing substantial similarity of defendants' drawings and copyrighted drawings where defendants' drawings showed dome and entrance near altar, while plaintiff's did not. Defendants' drawings also showed church of significantly smaller size and showed different roof features. Court further noted that balance of hardships tipped in defendants' favor because construction of church was halfway complete.

National Football League v. PrimeTime 24 Joint Venture, 52 U.S.P.Q.2d 1615 (S.D.N.Y. 1999), *aff'd*, 54 U.S.P.Q.2d 1569 (2d Cir. 2000)

In case involving infringement under Satellite Home Viewer Act, plaintiff N.F.L. prevailed on summary judgment motion and was granted permanent injunction. (N.F.L. had already defeated PrimeTime's motion to dismiss, 50 U.S.P.Q.2d 1461.) PrimeTime admitted making "secondary transmissions" via satellite of 123 N.F.L. broadcasts to viewers in U.S. and Canada. PrimeTime argued that permanent injunction should not be granted before it had discovery as to defenses, specifically, to show absence of irreparable harm. Court held that copyright holder was entitled to presumption of irreparable harm, especially where, as here, defendant has stated that it would continue its infringing activity absent injunction. Nor was alleged delay in prosecution of infringement evidence of lack of irreparable harm where N.F.L. objected to infringement in writing and exchanged correspondence with PrimeTime over eleven months before filing suit. Nor was it relevant that N.F.L. had not commenced action against other infringers. Thus, defendant did not show that discovery would lead to "a reason in equity to withhold a final injunction." As to scope of injunction, PrimeTime objected that conduct with respect to broadcasts via Fox network satellites should not be enjoined because "subscribers in Canada are given direct access to the Fox Net signal transmitted from Fox's own satellite." Court responded that manner of transmission is not relevant to fact that defendant was causing, by contract, transmission of copyrighted work from U.S. to Canadian viewers. Injunction would also prohibit secondary transmission of games broadcast on ABC, ESPN and

TNT networks despite absence of evidence that PrimeTime infringed such broadcasts, because injunction was properly based on fact that PrimeTime "has infringed N.F.L. game copyrights and intends, unless enjoined, to continue to do so."

Computer Generated Solutions, Inc. v. Koral, 51 U.S.P.Q.2d 1360 (S.D.N.Y. 1998)

Court held preliminary injunction was not available in case involving allegation of unauthorized use of copyrighted software. Only conceivable injury to plaintiff was monetary because use of plaintiff's work would be available in return for payment of fees. Injury was thus fully compensable with award of monetary damages.

Yurman Design, Inc. v. Chaindom Enters., Inc., 53 U.S.P.Q.2d 1590 (S.D.N.Y. 1999)

District court enjoined manufacture and sale by defendants of helix-styled bracelets featuring gold collars which copied plaintiff's jewelry design. Court ordered recall of defendant manufacturer's existing stock but denied recall of defendant retailer's catalog, listing over 600 jewelry items from numerous designers in addition to infringing bracelets, because of undue burden. Court rejected claim of prior independent creation based on evidence presented. Court found defendants' supporting affidavits of prior sales indefinite about dates and inadequate as evidence of independent creation. Plaintiff demonstrated elements necessary for preliminary injunction. Recall requirement found to be within court's equity powers and not unduly burdensome as to manufacturer.

Sony Music Entm't, Inc. v. Global Arts Prods., 45 F. Supp.2d 1345 (S.D. Fla. 1999)

Court granted permanent injunction in favor of recording industry majors. In copyright infringement action, RIAA members sought permanent injunction against defendant recording pirate that continued to distribute bootleg recordings after entry of default judgment by court. Court held that elements required for permanent injunction were met by plaintiff inasmuch as default judgment against defendant satisfied element of success on merits, balance of competing interests tipped in favor of plaintiffs and permanent injunction furthered public interest in maintaining reasonable prices for recordings and allowing industry to take risks on records in future.

D. Sanctions

Global Liaisons, Inc. v. Black Diaspora Communications, Ltd., 52 U.S.P.Q.2d 1124 (S.D.N.Y. 1999)

Court awarded Rule 11 sanctions against defendants' counsel. Court previously granted plaintiffs' motion for summary judgment of liability for copyright infringement based on defendant's publishing in *Black Diaspora* magazine of entire recipes copied from plaintiffs' recipe book. Defendants moved to amend their answer to add new counterclaim and to reargue summary judgment grant. Proposed "counterclaim" consisted of assertion that plaintiffs were themselves liable for infringement damages incurred after defendants voluntarily chose not to release certain copies of infringing issue of magazine. "Counterclaim," court found, was not only patently untimely but so entirely unsupported by existing or reasonably foreseeable law that counsel could not reasonably have expected motion to be granted. Motion to reargue, described by court as "nearly incoherent," set forth no matters or decisions not fully covered in prior proceedings or which counsel could plausibly have believed had been overlooked. Court therefore ordered sanctions, to be paid by defendant's counsel personally, in amount of actual attorneys' fees and costs incurred by plaintiffs in responding to frivolous motions.

BSS Studio, Inc. v. Kmart Corp., 53 U.S.P.Q.2d 1509 (N.D. Ill. 1999)

On motion to hold Kmart in contempt, court held that Kmart violated permanent injunction against selling monster masks substantially similar to plaintiff's copyrighted works. If Kmart masks are substantially similar to plaintiff's masks, they are reproductions and violate injunction. Similarity was defined as expressive aspects of masks not required by concept of monster. Court held that if accused work captures overall feel of same alien creature, it is substantially similar. Based on similarity between musculature, facial expression and skull-like features of plaintiff's and defendant's masks, court ruled in favor of plaintiff's claim. However, court declined at the moment to hold Kmart in civil contempt, to allow opportunity to address possible mental state arguments, if any, that it had not raised. Specifically, court required Kmart to demonstrate actions taken in 1999 to comply with October 1998 injunction, and to show cause why it should not be held in contempt.

VIII. PREEMPTION

Wendt v. Host Int'l, Inc., 197 F.3d 1284 (9th Cir. 1999)

Dissenting from rejection of petition for rehearing *en banc*, Ninth Circuit Judge Kozinski (joined by Judges Kleinfeld and Tashima) contended that California right of publicity claim brought by actors from *Cheers* television

series should be preempted by Copyright Act. Under license from copyright owner Paramount Pictures, defendant Host International created robotic replicas of "Norm" and "Cliff" characters from series, for use in *Cheers*-themed airport cocktail lounges. Actors who portrayed characters sued for violation of right of publicity under California law, but district court granted summary judgment for Host on grounds that robots' facial features did not resemble actors. On appeal, Ninth Circuit reversed, citing *White v. Samsung Elecs. Am., Inc.*, 971 F.2d 1395 (9th Cir. 1992), finding issues of fact under which jury might conclude that robots' resemblance to actors was sufficient to violate right of publicity. Unsuccessfully urging rehearing *en banc*, Judge Kozinski asserted that Paramount's right to create derivative works based on *Cheers* should prevail over actors' publicity rights, "at least insofar as the [actors] interfere with Paramount's right to exploit the *Cheers* characters." When, as under *White*, right of publicity is so broad as to reach "anything that brings the celebrity to mind," including robots here, copyright owner is deprived of right to exploit characters which it owns because "it is impossible to recreate the character without evoking the image of the actor in the minds of viewers." Dissent concluded that permitting such claims to proceed violates § 301, conflicts with holding of Seventh Circuit in *Baltimore Orioles v. Major League Baseball Players' Ass'n*, 805 F.2d 663 (7th Cir. 1986), raises First Amendment concerns, and "runs afoul of the dormant Copyright Clause [sic]" by using California law to prevent defendant from displaying robot figures in other states: "Why California should set the national standard for what is a permissible use of a licensed derivative work is beyond me."

Brown v. Ames, 201 F.3d 654 (5th Cir. 2000)

Court of Appeals held that § 301 of Copyright Act did not preempt common law tort of misappropriation of one's name or likeness under Texas law. Tort protects against misappropriation of one's "persona," which is not within subject matter of copyright. Further, conflict preemption, under which state laws that obstruct purposes and objectives of Congress are preempted, did not apply because misappropriation tort promotes Copyright Act's objective encouraging artistic endeavors, industry practice was to transfer rights in performer's name and likeness along with copyright, and common law permits authorized publisher to use name or likeness to identify author of works. Because tort is not sustainable against valid copyright holders, allowing claim of misappropriation does not impede copyright transfers or uniformity of copyright system.

Orson, Inc. t/a Roxy Screening Rooms v. Miramax Film Corp., 189 F.3d 377 (3d Cir. 1999)

Third Circuit, *en banc*, held, as did prior panel, that § 203-7 of Pennsylvania Feature Motion Picture Fair Business Practices Law, 78 Pa. Cons. Stat. § 203-7, was preempted by Copyright Act. Section 203-7 provided, in pertinent part, that agreement between film distributor and exhibitor granting exclusive first run for more than forty-two days must also contain provision to expand run to second run or subsequent run theaters "within the geographical area." Plaintiff Orson, Inc., owner of Philadelphia theater, alleged Miramax violated § 203-7 in its exclusive first-run exhibition agreement with one of Orson, Inc.'s, competitors. Miramax challenged constitutionality of § 203-7, alleging it was preempted by § 106 of Copyright Act, which grants owner of copyrighted work exclusive right to distribute and perform work. Court first considered and rejected argument by amicus curiae, National Association of Theatre Owners of Pennsylvania, that § 203-7 could be construed to permit consecutive forty-two day exhibition licenses without requiring expansion or could allow distributor in good faith to consider multiple requests by exhibitors to license on forty-third day of license, but to reject such requests to license on reasonable basis. Court held that such interpretation of language was unreasonable and upheld prior panel's construction of statutory language. Applying principles of express preemption (preemption of state laws that create rights "equivalent" to exclusive rights within general scope of copyright), court then held § 203-7 was preempted because it directly regulated right protected under federal copyright law. Section 203-7 required distributor to expand its distribution after forty-two days by licensing another exhibitor in same geographic area, even if such expansion is involuntary and uneconomic. Distributor who exercised its federal right under § 106 of Copyright Act to grant exclusive license to exhibitor of choice could be subject to liability under Pennsylvania statute. Court rejected Orson, Inc.'s, contention that once distributor makes initial distribution, state is free to regulate manner in which work is thereafter distributed. Pennsylvania statute imposed on copyright holders, contrary to their exclusive rights under § 106, obligation to distribute other copies of work following their initial decision to publish and distribute work, and § 203-7 was therefore preempted.

Lennon v. Seaman, 84 F. Supp.2d 522 (S.D.N.Y. 2000)

District court dismissed plaintiff's claim of unjust enrichment as preempted. Other state law claims held not preempted, although some were dismissed on other grounds. Plaintiff, John Lennon's widow, sued defendant, former employee in Lennon household, for unlawfully removing photographs and other depictions of Lennon family, using depictions for

commercial gain, and for copyright infringement. Defendant claimed copyright ownership in works and used them in book *The Last Days of John Lennon: A Personal Memoir* and on two cable television broadcasts. Since unjust enrichment claim was predicated on fact that defendant commercially exploited family photos and videos, claim was essentially equivalent to copyright claim and thus preempted. On other hand, because plaintiff's claims of recovery of chattels and trespass were centered on interference with rights in tangible property, they were not preempted, but were ultimately dismissed on other grounds. Breach of contract claim was not preempted because contract sought to protect right not to have family information disclosed to public, rather than protect right to exploit photographs and videos.

Weber v. Geffen Records, Inc., 63 F. Supp.2d 458 (S.D.N.Y. 1999)

Court held state law unfair competition claims were preempted in case involving alleged co-authorship of musical compositions by former associate of members of musical group "Guns 'N Roses." Plaintiff Weber did not allege copyright infringement, but did allege Lanham Act and state law unfair competition claims based on allegation of rights in compositions. Court held that state law claims were preempted because basic claim was that plaintiff was co-author of copyrighted material, plaintiffs were unjustly enriched by claiming full "bundle of privileges that attach to copyright ownership." Although not preempted, plaintiff's Lanham Act claims were rejected by court based on theory that plaintiff had not shown "more than a violation of the author's copyright-protected right to credit and profit from a creation." Plaintiff's Lanham Act claim was "impermissible" because allegations supporting claim did not show requisite affirmative action of falsely claiming originality beyond that implicit in any allegedly false copyright.

Richard Feiner & Co. v. Larry Harmon Pictures Corp., 38 F. Supp.2d 276 (S.D.N.Y. 1999)

Court held that New York unfair competition claim, brought by owner of copyright in Laurel & Hardy films against unauthorized sale of still photographs taken from films, was preempted under § 301. Following *Kregos v. Associated Press*, 3 F.3d 656 (2d Cir. 1993), court found that "the New York common law of unfair competition requires no element other than those necessary to establish a copyright infringement claim." Accordingly, court dismissed unfair competition claim.

Computer Generated Solutions, Inc. v. Koral, 51 U.S.P.Q.2d 1360 (S.D.N.Y. 1998)

Court held that plaintiff's state law unfair competition and conversion claims were preempted in case involving allegation of unauthorized use of copyrighted software. Unfair competition and conversion claims were grounded solely in copying of what plaintiff claimed was protected expression under Copyright Act.

Ticketmaster Corp. v. Tickets.com, Inc., 54 U.S.P.Q.2d 1344 (C.D. Cal. 2000)

Plaintiff offers ticket sales and information for events such as concerts and ballgames on its website. Defendant's website offers event listings and ticket sales, and provides links to plaintiff's website for events where plaintiff is exclusive ticket broker. Plaintiff alleged infringement based on copying pages from its website for purposes of extracting factual data. Defendant moved to dismiss and court denied motion with respect to copyright claims but found certain state claims preempted by Copyright Act. Court held (1) contract claim not preempted because it alleged extra elements, *i.e.*, agreement not to "deep link" or use factual information for commercial purposes; (2) misappropriation and trespass claims were preempted under *Feist v. Rural Tel. Serv. Co.*, 499 U.S. 340 (1991), because they seek to protect what is unprotectible by alleging "invasion and taking of factual information" which "cannot be squared with Copyright Act," which precludes protection of factual data; (3) state unfair business practices claim is preempted "insofar as it alleges the taking and publication of factual data," but not preempted to extent it alleges false advertising, which supplies "extra element over and above copyright"; (4) unjust enrichment claim is preempted since it is based solely on allegation of enrichment by taking material from plaintiff's website; (5) tortious interference claim alleging deliberate disruption of business through deep linking was not preempted, at least for purposes of 12(b)(6) motion, but court noted absence of precedent and unwillingness to "definitively rule" on issue.

Ebay, Inc. v. Bidder's Edge, Inc., 100 F. Supp.2d 607 (N.D. Cal. 2000)

Court issued preliminary injunction against defendant's use of "robot" web-searching technology to access plaintiff's popular auction website. Defendant's automated search program visited plaintiff's site, and various other auction sites, to gather auction information in one place to permit potential bidders to locate items listed on numerous sites without having to visit each site. Defendant's program visited plaintiff's site approximately 100,000 times per day, and continued doing so after plaintiff demanded that defendant cease and desist. Further, plaintiff installed "robot

exclusion headers" in its site to deter robot searching, and had "click-through" agreement for all visitors precluding commercial use of information contained on site. Court enjoined defendant's use of robot under state-law theory of trespass to chattels, and rejected argument that trespass claim was preempted by Copyright Act: "[plaintiff] asserts a right not to have [defendant] use its computer system without authorization. The right to exclude others from using physical personal property is not equivalent to any rights protected by copyright and therefore constitutes an extra element that makes trespass qualitatively different from a copyright infringement claim." Court noted, however, that court reached contrary result in *Ticketmaster, Inc. v. Tickets.com* (*see above*).

Ingram v. Page, Copyr. L. Rep. ¶ 28,041 (N.D. Ill. 2000)

Plaintiff published non-fiction original work about health and nutrition which described various symptoms and set forth series of questions regarding nutritional habits to help readers improve health. Defendant later published its own non-fiction work which focused on nutrition as source of healing. Defendant's work contained text which plaintiff alleged was identical or substantially similar to plaintiff's copyrighted text. On cross motions for summary judgment, court held that unfair competition claim and claim based on Illinois Uniform Deceptive Trade Practices Act were preempted by Copyright Act since (1) works were fixed in tangible form and came under subject matter of copyright and (2) right claimed by plaintiff was equivalent to copyright because plaintiff alleged no "extra element," such as allegation that defendant made affirmative misrepresentation as to origin of copied text. Plaintiff also asserted two theories of unjust enrichment, both of which court held were preempted by Copyright Act. First, plaintiff argued (a) defendant received benefit from plaintiff in form of infringing text; (b) such benefit was at expense of plaintiff; and (c) defendant's retention of benefit was unjust. Court held that plaintiff was merely claiming defendant profited from use of copied text at plaintiff's expense; thus, there was no "extra element," and claim was preempted. Under plaintiff's second theory, plaintiff claimed that defendant used defendant's book, portion of which included plaintiff's copyrighted text, to support defendant's false public reputation and to portray herself falsely as nutritional scientist, diagnostician and practitioner of alternative medicine in order to sell dietary supplements and books. Court held second theory of unjust enrichment preempted because alleged "extra element" of reputational enhancement was not material and since "the record is devoid of evidence that [defendant's] reputation depends on the [allegedly infringing] diagnostic section of [the book]."

Prima v. Darden Rests., Inc., 78 F. Supp.2d 337 (D.N.J. 2000)

District court held plaintiff's common law right of publicity action was not preempted by Copyright Act and denied defendants' motion for judgment on pleadings or, in alternative, summary judgment. Widow of composer and performer Louis Prima and successor-in-interest to his estate sued Darden Restaurants, d/b/a Olive Garden, and Grey Advertising over television commercial which used Prima's copyrighted composition "Oh Marie" and which was sung by performer whose voice resembled that of Prima. Plaintiffs did not have copyright in composition or arrangement. Defendants argued imitation of sound in work subject to copyright protection is preempted. Although Third Circuit had not addressed issue, court ruled that Copyright Act does not preempt common law right of publicity for unauthorized use of another's voice. Claim is not for infringement of copyrightable subject, and elements of right of publicity claim are qualitatively different from claim under Copyright Act.

Information Handling Servs., Inc. v. LRP Publ'ns, Inc., 54 U.S.P.Q.2d 1571 (E.D. Pa. 2000)

Plaintiff sued defendant in state court for copying portions of plaintiff's computerized database, some of which consisted of unprotectable factual compilations, and some of which was editorial commentary and summaries which enjoyed copyright protection. Plaintiff's state claims included unfair competition and misappropriation. Defendant removed to federal court, alleging that Copyright Act completely preempted plaintiffs' state law claims and plaintiff moved for remand. Court held state misappropriation and unfair competition claims completely preempted by Act, and thus denied motion for remand. Court held that it was clear plaintiff attempted to avoid Copyright Act, because it could not protect "sweat of the brow" involved in compiling facts, and that plaintiff's state law misappropriation and unfair competition claims were really claims for unauthorized copying, and thus preempted. Since remand was denied because other claims were preempted, court did not need to determine whether contract claims, based on license agreement, were also preempted. In *dicta*, however, court questioned whether software shrinkwrap licenses, "which are not the product of any bargaining, should be permitted effectively to expand copyright protection to information that is not copyrightable in the first instance."

Wrench, LLC v. Taco Bell Corp., 51 F. Supp.2d 840 (W.D. Mich. 1999)

Summary judgment granted for defendant Taco Bell on grounds that claims based on implied-in-fact contract to license Chihuahua dog character for ad campaign were preempted by § 301(a) of Act. Plaintiffs mar-

keted "Psycho Chihuahua" character at trade shows and Taco Bell executives negotiated for license, finally neither accepting nor expressly rejecting proposal. Taco Bell subsequently hired third-party ad agency to develop campaign, resulting in successful Chihuahua-based ads. Psycho Chihuahua creators sued and, following dismissal of certain claims, court found for Taco Bell on preemption issue. Court distinguished *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996), which found claims based on written contracts not preempted because specific promises provided required "extra element" beyond copyright protection. *ProCD* involved written agreements which were not equivalent to rights under Copyright Act and did not formulate *per se* rule that contract claims were not preempted. Court relied instead on *Endemol Entm't B.V. v. Twentieth Television, Inc.*, 48 U.S.P.Q.2d 1524 (C.D. Cal. 1998), to find that question in preemption analysis is not type of contract underlying claim but precise contract right asserted. Court concluded, "Taco Bell's alleged promise not to use Plaintiffs' ideas and concepts does not differ from the Copyright Act's prohibition against preparing derivative works from or displaying copyrighted works." Court did not address fact that "ideas and concepts" are generally expressly excluded from copyright protection under § 102(b) of Act.

World Championship Wrestling v. Titan Sports, Inc., 46 F. Supp.2d 118 (D. Conn. 1999)

Court declined to hold that defendant's copyrights in wrestling programs preempted plaintiff's claim of unfair competition by use of programs. In action between rival television wrestling organizers, plaintiff alleged that defendant had engaged in unfair competition by broadcasting old clips from defendant's programs featuring wrestlers who had since signed contracts with plaintiff. Defendant argued that its ownership of copyrights in old television clips would trump plaintiff's exclusive rights of promotion. Court refused to issue ruling on issue given preliminary stage of litigation.

Pritikin v. Liberation Publ'ns, Inc., 83 F. Supp.2d 920 (N.D. Ill. 1999)

District court held plaintiff's state law conversion claim preempted. In 1998, defendant without attribution or permission published photograph of Harvey Milk, openly gay San Francisco politician, taken by plaintiff in 1977. Subsequently, plaintiff obtained copyright registration and sued for infringement and conversion under Illinois law. On preemption defense, court held that state right is equivalent to § 106 right if it is infringed by act of reproduction, display or distribution. Under Illinois law, conversion is wrongful deprivation of identifiable object of property to which plaintiff was entitled, and unauthorized reproduction of plaintiff's photograph violated this right. Thus, conversion claim was preempted.

Bieg v. Hovnanian Enters., Inc., 53 U.S.P.Q.2d 1274 (E.D. Pa. 1999)

District court dismissed plaintiff's trade secret misappropriation claim as preempted. In 1997, plaintiff architect filed breach of contract claim alleging that defendant home builder used plaintiff's technical drawings without permission and compensation. On August 31, 1998, suit was dismissed with prejudice after parties notified court that settlement agreement was in place. Plaintiff amended complaint in dismissed suit, adding trade secret misappropriation claim. Since misappropriation claim was based on defendant's unauthorized use and distribution of plaintiff's technical drawings, misappropriation claim and copyright claim were one and same. Thus, trade secret claim based on state law was preempted.

International Kitchen Exhaust Cleaning Ass'n v. Power Washers of N. Am., 81 F. Supp.2d 70 (D.D.C. 2000)

District court held that plaintiff's unfair competition claim was preempted. Plaintiff, nonprofit organization that promoted fire safety in restaurants through certification program, asserted copyright infringement and unfair competition claims based upon defendant's alleged copying of its certification program materials. Plaintiff did not dispute that certification program materials came within subject matter of copyright. Plaintiff's unfair competition claim alleged that defendant had committed two types of wrongs, unlawfully distributing and selling infringing materials and "passing off" its materials as its own rather than plaintiff's. Under second prong of test for § 301 preemption, court held that neither type of wrong stated "extra element" required to remove unfair competition claim from scope of Copyright Act.

Whitehead v. Paramount Pictures Corp., 53 F. Supp.2d 38 (D.D.C. 1999)

Former low-level CIA agent claimed that film and novelization *Mission: Impossible* and film *Bad Company* infringed autobiographical account of seven years with CIA. Court granted summary judgment to defendants on grounds that no reasonable trier of fact could find works substantially similar. Pro se plaintiff's claim for "improper distribution and dissemination of copyright material (Privacy Act Violation)" was preempted. Claim did not incorporate elements beyond those necessary to prove infringement nor "regulate conduct qualitatively different from the conduct governed by federal copyright law." Plaintiff's claim was clearly preempted because unauthorized distribution of copyrighted work is explicitly covered by § 106(3) of Copyright Act.

KNB Enters. v. Matthews, 92 Cal. Rptr. 2d 713 (Cal. Ct. App. 2000)

Court reversed grant of summary judgment for defendant, holding that Copyright Act did not preempt claim of misappropriation of right of publicity under California state law. Plaintiff owned copyright in erotic photographs of non-celebrity models and sought to assert models' rights of publicity against defendant's unauthorized posting of photographs on website. Models had assigned rights of publicity to plaintiff. Court found that neither part of § 301 was satisfied because (1) models' likenesses are not copyrightable, even if embodied in photograph and (2) right of publicity is not equivalent to any of exclusive rights under Copyright Act. Noting that defendant held no copyright interest in the photographs, court distinguished cases in which actors or models sought to prevent copyright owner from exercising right to display copyrighted work.

IX. MISCELLANEOUS

A. Antitrust

In re Independent Serv. Orgs. Antitrust Litig., 203 F.3d 1322 (Fed. Cir. 2000)

Dismissal affirmed in case alleging antitrust violations on basis of Xerox's refusal to sell patented parts and copyrighted manuals for photocopiers, and refusal to license copyrighted diagnostic software, to independent providers of maintenance and repair services for copiers. Plaintiff CSU opted out of settlement of antitrust class action by independent service organizations. District court granted summary judgement to Xerox, holding that if patent or copyright is lawfully acquired, owner's unilateral refusal to sell or license patented invention or copyrighted expression is not unlawful exclusionary conduct, and owner's intent in refusing to deal or in other exclusionary acts are irrelevant to antitrust law. On appeal to Federal Circuit, court held that Xerox's refusal to sell patented parts was within scope of statutory patent grant. With respect to copyright, court quoted *Data Gen. Corp. v. Grumman Sys. Support Corp.*, 36 F.3d 1147 (1st Cir. 1994), stating "author's desire to exclude others from use of its copyrighted work is a presumptively valid business justification for any immediate harm to consumers." This presumption of validity is rebuttable by evidence that copyright was obtained unlawfully or was used to gain monopoly power beyond statutory copyright granted by Congress. But no such "definitive rebuttal evidence" was submitted by plaintiff, and court "rejected[ed] CSU's invitation to examine Xerox's subjective motivation in asserting its right to exclude under copyright laws for pretext."

United States v. Microsoft Corp., 87 F. Supp.2d 30 (D.D.C. 2000)

In landmark antitrust case, district court concluded that Microsoft's reliance on copyright law as justification for placing anticompetitive restrictions on computer manufacturers (OEMs) was not shield from liability under Sherman Act. United States, along with several states, sued Microsoft asserting that it used anticompetitive measures by limiting OEMs' ability to reconfigure or modify Windows 95 and Windows 98. Microsoft argued that restrictions on OEMs were necessary to preserve copyrighted software against any distortion, truncation or alteration. In rejecting Microsoft's copyright argument, court concluded that Microsoft did not provide any evidence that OEM restrictions stem from rights granted under Copyright Act. Moreover, court referred to precedent to find that Microsoft was not entitled to use copyright in manner that would stifle competition.

B. Satellite Home Viewer Act

ABC, Inc. v. PrimeTime 24, 184 F.3d 348 (4th Cir. 1999)

Affirming district court, Fourth Circuit concluded that satellite television carrier engaged in pattern of copyright infringement when it enrolled thousands of subscribers in Raleigh-Durham area to receive transmissions of network television programs from other cities. Owner of local network affiliate and of copyrights in network programming sued under Satellite Home Viewer Act of 1988, alleging that carrier's method of screening so-called "unserved" subscribers was faulty, resulting in transmission of network programming by carrier without royalty in violation of Act. Act permits carriers to transmit network programming without network's consent to private households that are "unserved" by affiliates of networks. Circuit court concluded that "unserved" households included only those who received no over-the-air signal of grade B intensity by means of conventional outdoor rooftop receiving antenna, not those households that deemed their transmissions merely "unacceptable." To prevail, carrier would need to show by individual signal strength tests, predictive computer models, or statistical analyses based on sample signal strength tests that its customers were "unserved." Circuit court concluded that carrier's acts were willful or repeated, because it recruited subscribers solely on basis of their subjective representations as to quality of their television picture when it knew that Act's standard was objective. Given willful and repeated pattern of practice, circuit court upheld injunction barring service to any customers in local market.

National Football League v. PrimeTime 24 Joint Venture, 52 U.S.P.Q.2d 1615 (S.D.N.Y. 1999), *aff'd*, 54 U.S.P.Q.2d 1569 (2d Cir. 2000)

In case involving infringement under Satellite Home Viewer Act, plaintiff N.F.L. prevailed on summary judgment motion and was granted permanent injunction. (N.F.L. had already defeated PrimeTime's motion to dismiss, 50 U.S.P.Q.2d 1461.) PrimeTime admitted making "secondary transmissions" via satellite of 123 N.F.L. broadcasts to viewers in U.S. and Canada. PrimeTime argued that, under SHVA, it could legally uplink and retransmit broadcasts to U.S. subscribers, therefore retransmission to Canadian viewers was not infringing because there was no infringing act in U.S. Moreover, PrimeTime had no control over size and shape of satellite's "footprint" and Canadian viewers received broadcasts as result of same non-infringing acts that bring broadcasts to domestic viewers. Court responded that plain language of SHVA states that statutory license permitting uplink and retransmission "shall apply only to secondary transmissions to households located in the United States," adding that PrimeTime could not, absent license from copyright owner, uplink and retransmit to foreign viewers, regardless of means by which it obtained signals. Court held PrimeTime is transmitting to foreign viewers. "Footprint" argument was meritless because PrimeTime had power to shut off, or not sell service to Canadian subscribers, and could prevent them from unscrambling signals.

C. Visual Artists' Rights Act

Martin v. City of Indianapolis, 192 F.3d 608 (7th Cir. 1999)

Appeals court affirmed award of statutory damages. Plaintiff artist had erected large metal sculpture on private land under Project Agreement with defendant. City subsequently purchased land for urban renewal and demolished sculpture without notifying plaintiff, despite provision in Agreement requiring ninety days' written notice to plaintiff to allow removal of sculpture. District court granted summary judgment to plaintiff, awarding statutory damages in maximum amount allowed for non-willful VARA violation. Appeals court upheld district court's determination that sculpture was work of "recognized stature," as required for protection under VARA, despite plaintiff's failure to offer expert testimony to that effect. Defendant's destruction of work, court noted, prevented experts from examining it in place. District court properly admitted plaintiff's "stature" evidence, consisting of letters and published articles, for unique and limited purpose of showing that respected members of art community and public considered work meritorious. Panel also upheld district court's determination that City's conduct was not "willful," but was instead prod-

uct of "bureaucratic failure," and plaintiff was therefore not entitled to enhanced damages under VARA.

Shaw v. Rizzoli Int'l Publ'ns, 51 U.S.P.Q.2d 1097 (S.D.N.Y. 1999)

Court granted summary judgment in favor of defendant in action involving claim that defendant's books infringed plaintiffs' rights pursuant to Visual Artists' Rights Act, 17 U.S.C. § 106(A). Plaintiffs failed to allege intentional distortion, mutilation or other modification of works at issue which would be prejudicial to their honor or reputation. Economic harm, which was alleged, is not protected by VARA.

D. Digital Performance Right in Sound Recordings Act

Recording Indus. Ass'n of Am. v. Diamond Multimedia Sys., Inc., 180 F.3d 1072 (9th Cir. 1999)

Ninth Circuit affirmed district court denial of preliminary injunction against importation and sale of portable device for playing MP3 digital music files. Device allowed users to copy downloaded MP3 files from hard drive of personal computer for portable playback. Most MP3 files are unauthorized by owners of copyright in underlying sound recordings. RIAA sought to enjoin device under 1992 Audio Home Recording Act, arguing that device was "digital audio recording device" which did not incorporate required technology for preventing multiple-generation digital copying. District court found device fell within coverage of statute but was not in violation because design of device, and nature of MP3 files, did not permit users to make multiple-generation digital copies. On appeal, Ninth Circuit concluded that device was not even "digital audio recording device" as defined in statute because (a) it made recordings only from computer hard drives and not directly from "digital music recordings" such as CD's; and (b) it did not "indirectly" copy digital music recordings "from a transmission," such as digital download, because it did not record transmission itself but only recording of transmission stored on recipient's hard drive. Parties settled shortly after Ninth Circuit ruling.

E. Insurance

Delta Computer Corp. v. Frank, 196 F.3d 589 (5th Cir. 1999)

Court of appeals affirmed grant of summary judgment that insurance carrier had no duty to defend against copyright infringement claim under "advertising injury" provision of policy. Plaintiff alleged defendants misappropriated plaintiff's copyrighted long distance rebilling software, which recorded identity of callers and length of calls, and allowed for inclusion of advertisements along with bills. Defendants filed suit against insurance carrier, alleging claim was covered under Commercial General Liability

Coverage policy. District court granted summary judgment to insurance carrier. Under controlling Louisiana law, duty to defend arises when complaint alleges facts that, if assumed to be true, support claim for which coverage is not unambiguously excluded. Court found no causal connection between copyright claims and insured's advertising activity. Coverage requirements of Louisiana law were not met because pleading did not complain of injury suffered in course of advertising, nor could such reference fairly be inferred. Although software included feature allowing bills generated to include advertising, any advertising done through use of software was incidental to complaint. Even if defendants never discovered or used software advertising feature, plaintiff could still have suffered same injury and asserted same infringement claim.

Ziman v. Fireman's Fund Ins. Co., Copyr. L. Rep. ¶ 27,941 (Cal. Ct. App., 2d App. Dist. 1999)

State appellate court affirmed grant of insurer's motion for summary judgment dismissing claim for coverage by real estate broker of copyright infringement allegations relating to unauthorized use of painting in office building. Broker asserted claim was covered by standard "advertising injury" provision in commercial general liability policy. Broker was sued by artist for copyright infringement for reproducing copyrighted painting in lobby of office building. Broker sued insurer asserting duty to defend on ground that painting was displayed during "open house," which it claimed was common means for "advertising" of commercial space. Court, however, concluded that painting was merely improvement to lobby, much like new furnishings or plants, not means to inform persons that there was space available for lease.

Fallon McElligot, Inc. v. Seaboard Sur. Co., 54 U.S.P.Q.2d 1340 (Minn. Ct. App. 2000)

Court held that defendant insurer had no duty to indemnify plaintiff advertising agency for underlying action brought by agency's client, Aveda Corporation, which withdrew advertising alleged to infringe third party copyrights. Plaintiff purchased from defendant "enumerated perils insurance policy" which obligated insurer, *inter alia*, to pay money damages resulting from "any infringement of copyright or of title or of slogan." After Aveda used advertisements prepared by plaintiff, Mattell and Disney corporations asserted advertisements violated their respective copyrights. Aveda withdrew advertisements and brought arbitration action against plaintiff, seeking compensation for breach of contract. Plaintiff settled claim brought by Aveda and, thereafter, sought indemnity from defendant. Court observed arbitration demand did not mention copyright infringement and that no damages were sought by, or paid to, copyright

holders. Court held breach-of-contract claim fell outside insurance policy's coverage.

F. Anticircumvention Technology

Universal City Studios, Inc. v. Reimerdes, 82 F. Supp.2d 211 (S.D.N.Y. 2000)

District court granted plaintiffs' motion for preliminary injunction, enjoining defendants from posting DeCSS software over internet websites in violation of § 1201(a)(2) of Digital Millenium Copyright Act ("DMCA"), which prohibits unauthorized offering of products that circumvent technological measures that control access to copyrighted works. DeCSS enables users to break current copy protection Content Scramble System ("CSS"), allowing unauthorized reproduction and distribution of defendants' films produced on digital versatile disks ("DVDs"). Court rejected defendants' contentions that their activities came within several exceptions contained in DMCA and Copyright Act and constitute fair use under Act. Service Provider Exception in § 512(c) of Act inapplicable absent proof that defendant is service provider. Further, exception only protects from copyright infringement liability, which is not gravamen of claim here. Reverse Engineering Exception in § 1201(f) also inapplicable because DeCSS runs on Windows operating system and cannot be said to be developed for sole purpose of achieving interoperability with Linux system. Further, Reverse Engineering Exception available only for computer programs and does not authorize circumvention of technological systems controlling access to other copyrighted works. Encryption research and security testing defenses also rejected by court. Finally, court rejected § 107 fair use defense because it applies to claims for infringement, not to suit under DMCA for offering technology designed to circumvent technological measures. "If Congress had meant the fair use defense to apply to such actions, it would have said so." Court upheld constitutionality of DMCA against claim that defendants' program is protected speech and prohibiting its dissemination violates First Amendment. Rejecting view that copyright law restricts speech, court found that DMCA is instrumental in carrying out objective of Copyright Clause of Constitution in digital age. Court concluded by holding that First Amendment's prior restraint doctrine did not require denial of preliminary injunction, because due process factors such as adversary hearing and prompt final determination on merits were available.

Sony Computer Entm't Am., Inc. v. GameMasters, Inc., 87 F. Supp.2d 976 (N.D. Cal. 1999)

Court granted plaintiff's motion for preliminary injunction based on defendants' violation of the Digital Millennium Copyright Act ("DMCA")

through sale of "Game Enhancer" device. Plaintiff was manufacturer of PlayStation game console with which users could play CD-ROM video games on television. PlayStation contained mechanism preventing users from playing CD-ROM games that do not contain encrypted data "that verifies that the CD is an authentic, legitimate . . . product licensed for distribution in the same geographical territory of the console's sale." Defendants' Game Enhancer allowed users to play video games on PlayStation console that were intended for use only on consoles in other territories and to modify rules of games. Following Game Enhancer's instructions, user could insert authorized CD-ROM, hold "disc cover switch in the closed position while keeping the lid or disc cover open," turn on Game Enhancer and select its internal operating system for execution, "thereby replacing the PlayStation console's internal operating system." After Game Enhancer validated codes on authorized CD-ROM, user could replace with unauthorized CD-ROM, "since the console has already verified the previous U.S. CD and does not know that the CD has been replaced." Plaintiff also alleged that Game Enhancer enabled users to play counterfeit games. Court held that Game Enhancer, which "circumvents the mechanism on the PlayStation console that ensures the console operates only when encrypted data is read from an authorized CD-ROM," constituted device primarily designed to circumvent technological measure that controls access to system protected by registered copyright. Although court's grant of preliminary injunction was based on defendants' violation of DMCA, court also held that there were serious questions on merits of plaintiff's claim of contributory copyright infringement based on allegation that Game Enhancer enabled users to play counterfeit games.

RealNetworks, Inc. v. Streambox, Inc., No. C99-2070P, 2000 U.S. Dist. LEXIS 1889 (W.D. Wash. 2000)

Plaintiff's three products, "RealProducer," "RealServer," and "RealPlayer," enable Internet users to access, but not download or copy, audio and video content through streaming process. Once content owner has converted work into "RealMedia" format, it may use "RealServer," which is "software program that resides on a content owner's computer that holds RealMedia files and 'serves' them to consumers through streaming." Consumer must use "RealPlayer," software program installed on consumer's computer, to play RealMedia content streamed from RealServer. Plaintiff's products utilized two security measures to prevent unauthorized copying and distribution, "Secret Handshake," which "ensures that files hosted on a RealServer will only be sent to a RealPlayer," and "Copy Switch," which "is a piece of data in all RealMedia files that contains the content owner's preference regarding whether or not the stream may be copied by end-users." Court granted preliminary injunction against sale of

defendant's "Streambox VCR," device that allows Internet users to access and copy RealMedia files by circumventing Secret Handshake and Copy Switch safeguards. Court held plaintiff likely to succeed on merits of claim that Streambox VCR violates Digital Millennium Copyright Act ("DMCA"). Court found that Secret Handshake is "technological measure that effectively controls access to" protected works under §1201(a)(3)(B) and Copy Switch is "technological measure that effectively protects the right of a copyright owner to control the unauthorized copying of its work" under §1201(b)(2)(B). Streambox VCR violates §§1201(a)(2)(A) and 1201(b)(1)(A) of DMCA because it is "primarily designed" to circumvent those technological measures. Court further held that Streambox VCR violates §§1201(a)(2)(B) and 1201(b)(1)(B) of DMCA because it has "no significant commercial purpose other than to enable users to access and record protected content." Court rejected defendant's argument that consumers' use of Streambox VCR, like use of VCRs for time-shifting recording in *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984), constitutes fair use. Court also granted plaintiff's motion for preliminary injunction against sale of "the Streambox Ferret," where plaintiff raised serious questions going to merits of its claim that Ferret infringes plaintiff's copyright in graphical user interface of RealPlayer by creating derivative work "by adding a clickable button that permits the users to access the Streambox search engine" instead of snap.com search engine with which plaintiff had agreement. However, Court rejected plaintiff's claim that defendant's product "the Streambox Ripper," which permits users to convert RealMedia files to .WAV, MP3 and other formats, violates DCMA, because product could be used for legitimate, significant commercial purposes.

G. Security Interests

In re World Auxiliary Power Co., 244 B.R. 149 (N.D. Cal. 1999)

Court held that bank's security interests in unregistered copyrights were perfected by filing UCC-1 financing statements with California Secretary of State in accordance with state law, even though security agreements and UCC statements were not filed in Copyright Office. Court distinguished *In re Peregrine Entm't, Ltd.*, 16 U.S.P.Q.2d 1017 (C.D. Cal. 1990), which held that security interest in copyright could not be perfected by filing UCC-1 with state agency, on ground that *Peregrine* applied only to registered copyrights. Here, aircraft design and manufacturers filed for bankruptcy, court approved sale of most assets, including drawings, blueprints, and software, and successor-in-interest to purchaser of copyrights challenged bank's security interest. Whereas *Peregrine* based its conclusion, in part, on finding that recording provisions of Copyright Act § 205(c) preempt state methods of perfecting security interests, court here found that

"since federal law provides no means by which a security interest in any unregistered copyright may be perfected, that means must be supplied by state law." Accordingly, California perfection scheme is not preempted by Copyright Act. Addressing public policy considerations, court noted that state UCC recordation "serves as a supplement or backup to the Copyright Act recordation scheme." Any resulting burden on parties searching for encumbrances on copyrights "seems slight compared to depriving a secured creditor of any means of perfecting its security interest in unregistered copyrights."

H. Miscellaneous

Smithkline Beecham Consumer Healthcare, L.P. v. Watson Pharm., Inc., 54 U.S.P.Q.2d 1317 (2d Cir. 2000)

Second Circuit affirmed order dissolving preliminary injunction preventing generic drug manufacturer from using infringing labels on its product, holding that Hatch-Waxman Amendments to Food, Drug, and Cosmetic Act required generic drug sellers to use labels that may infringe copyright in label of pioneer drug manufacturer. Plaintiff developed Nicorette nicotine gum and owned copyright in user's guide and audiotape packaged with product. Guide and tape included approximately seventy changes made by plaintiff at FDA's request relating to safety, efficiency, and factual matters. Defendant obtained FDA approval to market generic version of gum and packaged its product with user's guide and audiotape virtually identical to plaintiff's. District court granted preliminary injunction that effectively stopped defendant from shipping or selling its product, relying in part on FDA letter stating that Hatch-Waxman "does not require that the generic's behavioral support materials be identical to the innovator's." FDA later revised its position and did so require. In face of preliminary injunction, defendant revised its materials but FDA, under new policy, rejected user's guide. District court then dissolved injunction in light of revised FDA position, prejudice to plaintiff, and public interest in generic product. On expedited appeal, Second Circuit affirmed dissolution of preliminary injunction, stating that Hatch-Waxman Amendments "not only permit but require producers of generic drugs to use the same labeling as was approved for, and is used in, the sale of the pioneer drug, even if that label has been copyrighted." Noting conflict between Copyright Act and Hatch-Waxman, court noted that latter "would be severely undermined if copyright concerns were to shape the FDA's application of the 'same' labeling requirement," while purpose of copyright laws would not be undermined by rejecting claim in this case. Purpose of copyright laws is to encourage creative works and it is "simply not conceivable" that single pioneer drug producer "will lack the incentive needed to create labeling needed for FDA approval" if claim at issue is rejected. Court also

noted that plaintiff still retains copyright and may pursue copyright claims against potential infringers in other circumstances, such as in non-labeling advertisements.

Comedy III Prods., Inc. v. New Line Cinema, 200 F.3d 593 (9th Cir. 2000)

Ninth Circuit affirmed district court's grant of summary judgment to defendant that used clip of less than thirty seconds from The Three Stooges' film *Disorder in the Court* in its film *The Long Kiss Goodnight.* Plaintiff asserted trademark infringement and unfair competition claims, alleging valid trademark in The Three Stooges' name, characters, likeness, and overall act, and that clip contains enforceable trademark because it is particularly distinctive of The Three Stooges' comedy. Plaintiff did not plead copyright infringement claim. Court held that film was covered by Copyright Act and had passed into public domain, and "the Lanham Act cannot be used to circumvent copyright law." Court noted that "if material covered by copyright law has passed into the public domain, it cannot then be protected by the Lanham Act without rendering the Copyright Act a nullity."

United States v. Moghadam, 175 F.3d 1269 (11th Cir. 1999)

Affirming defendant's conviction, circuit court held that anti-bootlegging statute, 18 U.S.C. § 2319A, was constitutional in first decision to consider whether Congress was empowered under Copyright Clause or Commerce Clause to enact statute. Anti-bootlegging statute criminalized unauthorized recording, transmission to public and sale or distribution of or traffic in unauthorized recordings of live musical performances. Defendant pleaded guilty to selling bootleg compact discs featuring live performances by recording artists, including Tori Amos and Beastie Boys. Defendant argued that Congress had no power to enact statute pursuant to Copyright Clause given Copyright Act's failure to protect live performances that have not been reduced to tangible form or fixed as of time of performance. Because circuit court concluded that statute was constitutional pursuant to Commerce Clause, it declined to decide whether it alternatively was constitutional pursuant to Copyright Clause.

Recording Indus. Ass'n of Am. v. Librarian of Cong., 176 F.3d 528 (D.C. Cir. 1999)

In "first-ever proceeding under § 114(f)" of Copyright Act, which charges Librarian of Congress with establishing rates and terms for compulsory licenses of certain digital audio music transmissions, court denied petition of RIAA to review 6.5% royalty rate set by Librarian, but granted review of conditions imposed on RIAA as royalty collection agent for copyright

owners. When RIAA and services providing digital music transmission (*e.g.*, cable radio) failed to agree on terms of compulsory license under 1995 Digital Performance Right in Sound Recordings Act, RIAA filed petition in Copyright Office for arbitration under § 114(f)(2). Arbitration panel recommended, and Register of Copyrights and Librarian of Congress accepted, royalty rate of 6.5% based upon four objectives set forth in § 801(b)(1) of Act; namely, (1) to maximize availability of creative work; (2) to give copyright owner fair return and user fair income; (3) to reflect relative roles of owner and user with regard to creative contribution, investment, cost, risk, and opening of new markets; and (4) to minimize disruption of structure and practices of industry. Court rejected as "simply wrong" RIAA's argument that arbitration panel was required to use market royalty rates in determining "reasonable copyright royalty rates." Instead, adopting "exceptionally deferential" standard of review, court held "most natural reading" of statute was that rates were to be "calculated to achieve" four § 801(b)(1) objectives without necessary reference to market. Court also held that Librarian may impose binding terms on copyright owners under § 114(f) and that RIAA, as agent of owners, could be bound by such terms. Here, however, terms were not supported by evidence on record. Librarian's terms (1) required equal valuation of each performance; (2) permitted owners to audit RIAA's practices in handling royalties; (3) specified costs RIAA could deduct before distribution of royalties; and (4) specified treatment of unknown owners. Issue of terms was not properly raised before arbitration panel and Librarian did not have benefit of parties' views before reaching judgment. Court was therefore "constrained to find that the Librarian acted arbitrarily" and remanded matter for further consideration.

Cannings v. Librarian of Cong., No. 98-1250, 1999 U.S. App. LEXIS 3976 (D.C. Cir. Mar. 2, 1999)

Circuit court denied petition for review of decision of Librarian of Congress, concluding that Librarian's decision to adopt Copyright Arbitration Royalty Panel's (CARP) method for calculating royalties was rational. CARP selected internal distribution methodology of Broadcast Music, Inc. as best available evidence of simulated market.

Bishop, Inc. v. Lyons, 54 U.S.P.Q.2d 1062 (S.D.N.Y. 2000)

Court granted defendants' motion for summary judgment dismissing plaintiff's Lanham Act claim alleging § 43(a) violation on basis of false copyright notice. Plaintiff, collaborating with another individual, took photographs of hospital cups for use in defendants' advertising campaign. Defendants utilized photographs without paying all fees due under parties' agreement. Subsequently, plaintiff registered photographs with Copyright

Office, and brought Lanham Act claim alleging false designation of origin because photos were published with copyright notice in name of defendants. Court held that false copyright notice alone cannot constitute false designation of origin within meaning of § 43(a). "[A]bsent evidence of an additional affirmative act whereby the defendants falsely claimed originality, Lanham Act claims that merely duplicate Copyright Act claims are impermissible."

Boosey & Hawkes, Music Publishers, Ltd. v. Walt Disney Co., 53 U.S.P.Q.2d 2021 (S.D.N.Y. 2000)

In ongoing litigation involving defendants' distribution and sale of *Fantasia* videos and claims under laws of various countries, plaintiff, assignee of Igor Stravinsky's copyrights in "The Rite of Spring," included moral rights claim alleging defendants altered composition in morally offensive way. On defendants' motion *in limine* to preclude plaintiff's evidence of moral rights, court held that because moral rights are inalienable and unassignable, they can be asserted only by composer or his heirs, and thus plaintiff, as successor-in-interest to Stravinsky copyrights, could not assert damages claims based on moral rights.

Compuware Corp. v. Serena Software, Int'l, Inc., 77 F. Supp.2d 816 (E.D. Mich. 1999)

In suit for infringement of copyright and trade secrets, defendant moved for summary judgment alleging that trade secret protection was lost as matter of law when plaintiff sought copyright registration of user manuals and deposited unredacted copies of manual at Copyright Office. Upon reconsideration of order denying summary judgment, court held that because there was no evidence that information at issue was known in industry or among general public; because there was no evidence that anyone other than plaintiff — such as customers or even Copyright Office — viewed material prior to litigation; because copies of material deposited with Copyright Office can be acquired only with consent of copyright applicant or by court order, or absent consent or order, only by an attorney in connection with an actual or prospective litigation; because note taking is strictly regulated by Copyright Office; and in light of plaintiff's other efforts to protect alleged secrets, under Michigan law, there was no *per se* loss of trade secret protection.

National Satellite Sports, Inc. v. Cotter's Lounge, Inc., 88 F. Supp.2d 1024 (E.D. Mo. 2000)

Court granted defendant's demand for jury trial in action alleging violation of 47 U.S.C. §§ 553 (unauthorized reception of cable service) and 605 (unauthorized publication or use of communication). Plaintiff elected to

recover statutory damages, and defendant demanded jury trial. Following two-step analysis in *Tull v. United States*, 481 U.S. 412 (1987), court held that, first, analysis of 47 U.S.C. §§ 553 and 605 did not shed light on whether Congress intended that there be right to trial by jury when statutory damages are sought. Second, court held that statutory damages under §§ 553 and 605 are legal remedy, and right to jury trial is thus preserved under Seventh Amendment.

Eldred v. Reno, 74 F. Supp.2d 1 (D.D.C. 1999)

District court granted defendant's motion for judgment on pleadings that Sonny Bono Copyright Term Extension Act of 1990 ("CTEA") is constitutional. Plaintiffs had prepared to use works which, but for CTEA, would have entered public domain. Plaintiffs alleged retrospective extension of copyright protection violated "limited times" term of Copyright Clause of U.S. Constitution. Court held extension of limited times to be within discretion of Congress, noting Congress has authority to enact retrospective laws under Copyright Clause. Plaintiffs further alleged CTEA violated "to authors" term of Copyright Clause, by giving effect to author's advance agreement to assign rights under CTEA's extended term. Author, however, subject to any applicable statutory termination right, may agree in advance to assign future rights conferred by Congress. Finally, court rejected plaintiffs' claim that CTEA violated "public trust" doctrine since doctrine does not apply to copyrights.

PART III

ARTICLES

THEIR MASTER'S VOICE? RECORDING ARTISTS, BRIGHT LINES, AND BOWIE BONDS: THE DEBATE OVER SOUND RECORDINGS AS WORKS MADE FOR HIRE

by COREY FIELD*

"The task of line drawing is not unique to any one area of the law; it is an inexorable and sometimes harrowing experience. . ."

Melville B. Nimmer[1]

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[1] Melville B. Nimmer, *Inroads on Copyright Protection*, *in* AMERICAN SOCIETY OF COMPOSERS, AUTHORS, AND PUBLISHERS, FOURTH COPYRIGHT LAW SYMPOSIUM 3 (1952).

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I. INTRODUCTION

The iron chisels that ring out and shower down sparks as they engrave copyright laws into granite must have been glowing red-hot during the great millennial works-made-for-hire flip-flop. On November 29, 1999,[2] a

[2] *See* The Satellite Home Viewer Improvement Act of 1999, § 1011(d) Technical Amendments, Pub. L. 106-113 (H.R. 3194), 113 Stat. 1501, *1501A-544, amending Title 17, §101 "work made for hire" (2). "Section 101 of title 17, United States Code, is amended in the definition relating to work for hire in paragraph (2) by inserting "as a sound recording," after "audiovisual work."

new amendment to the Copyright Act added sound recordings to the list of works that may be specially ordered or commissioned as works made for hire.[3] By October 27, 2000, the amendment was no more: not merely repealed, but obliterated.[4] Repeal was retroactive, and accompanied by unusual statutory slate-cleaning: neither the original amendment or its deletion "shall be considered or otherwise given any legal significance, or . . . shall be interpreted to indicate congressional approval or disapproval of, or acquiescence in any judicial determination, by the courts or the Copyright Office."[5]

The natural law essence of copyright is that ownership arises upon creation, yet that right must coexist with the works-made-for-hire doctrine, where for practical commercial reasons the law recognizes ownership not in the true "natural" author, but in an employer or commissioning body. To musicians, their sound recordings are their "babies," and the 1999 amendment's sudden statutory shift[6] in the status of sound recordings was thus received as if musicians were being told they might have to give their offspring up for adoption. Sparks flew.

The flip-flop was also a reminder that copyright law's works-for-hire doctrine has a pro-actively paternalistic function: there are some categories of works where the law just won't allow authors to contract away their ownership and the rights that go with it. Whether sound recordings come within this paternalistic protection is the issue that remains unresolved, and now moves from the legislative arena to the courts.

The ambiguous status quo in the music industry arose because sound recording agreements had historically been on a work-for-hire basis, and

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[3] 17 U.S.C. § 101 "work made for hire" (2) (1994) (definition of "work made for hire").

[4] *See* the Work Made For Hire and Copyright Corrections Act of 2000, Pub. L. 106-379 (H.R. 5107), amending Title 17 U.S.C. §§101, 121(a), 705(a), 708(a), 708(b), 710.

[5] *Id.*

[6] *See* Bill Holland, *Work-For-Hire Provision Sparks Artist Furor, Demand for Change*, Billboard, January 22, 2000, at 5 (Hereinafter *Holland*). *See also* Edward M. Cramer, *Copyright Amendment Should be Repealed*, Id. at 8 (noting that

> "There were no hearings, no studies, and no requests for comment from interested groups. Anyone interested in the legislative process should be outraged that important, substantive legislation was pushed through without extensive consideration. . .The amendment should be repealed immediately, which can be done, and it should be reintroduced and considered in the normal course with an opportunity for proponents and opponents to be heard.").

See also See Timothy White, *Henley Fights for Intellectual Rights*, Billboard on-line, <wysiwyg://15/http://www.billboard.com/specialreport/0403whitepaper.asp> (Visited April 5, 2000).

the 1976 Copyright Act's paternalism in protecting musicians' ownership claims by omitting sound recordings from the works-made-for-hire doctrine went largely unnoticed in industry practice.[7] Timing provisions in the 1976 Act meant that from 1978 until recently, the problem was far off in the future. If the issue was a sleeping giant, it has now been awakened by the sound of the legislative chisel at work.

Following the repeal of the 1999 amendment, future disputes over whether contractual provisions that specify sound recordings as works made for hire are valid under the Copyright Act will be settled in the courts and not by reference to legislation. This paper will examine the work-made-for-hire debate within the context of the evolution of ownership rights between publishers and authors, and will present an analysis of the work-made-for-hire status of sound recordings in four time periods: First, the period before February 15, 1972, the date when copyright protection was first granted to sound recordings. Second, the period between February 15, 1972 when copyright protection for sound recordings began and December 31, 1977 when the 1909 Act was replaced by the 1976 Act. Third, the period from January 1, 1978 through the present. Finally, we will examine some possible constitutional issues relating to the period be-

[7] Recording contracts vary in their terms and usually remain confidential, however those sample recording contracts available in entertainment law publications typically have a "fall back" position, stating that the recording is a work for hire, but if found not to be a work for hire under law, the agreement acts as an assignment of the copyright. *See* Jay L. Cooper, *Sample Recording Contract*, in ALI-ABA Course of Study, Entertainment, Arts, and Sports Law at 53 (1999). "If for any reason we shall be deemed not to be the author of those Master Recordings, Audio-Visual Recordings or Artwork, this Contract shall constitute an irrevocable transfer to us of ownership of copyright." Id. at 59. *See also* Bobby Rosenbloum, *A Very Welcome Return: Copyright Reversion and Termination of Copyright Assignments in the Music Business*, 17-SUM Ent. & Sports Law. 3 (1999). In the context of noting that termination rights do not apply in the case of works made for hire, Rosenbloum notes that sound recordings:

> ". . .do not fall within this category. While record labels and publishers frequently incorporate boilerplate work for hire language in their agreements with authors, in most cases such provisions will not be given effect. This is true because the author typically is not a bona fide employee creating the recording or song within the scope of his or her employment. In addition, recordings and musical compositions generally do not fall within one of the nine categories enumerated in section 101 of the Copyright Act as capable of coming within the definition of a work made for hire when created on commission – despite contractual language in most recording and publishing agreements to the contrary. Consequently, the operative transfer in most such agreements in via the "backup" assignment language, which is stated to take effect in the event that the works in question are not deemed made for hire." *Id.* at 3.

tween enactment of the 1999 amendment on November 29, 1999 and its retroactive repeal on October 27, 2000. Also examined will be the strategies behind the future exercise of termination rights, including what may become a powerful new incentive for recording artists to insist on retention of authorship and ownership of their sound recordings, the securitization of future royalty assets, also known as "Bowie Bonds."[8] In conclusion, we will look at unresolved issues in the works-made-for-hire debate, and ask whether a carefully thought out legislative solution, in the spirit of compromise, may still be a viable alternative.

We begin at the beginning, with the invention of the technology that eventually brought the modern author/publisher relationship into being.

II. TECHNOLOGY'S CHILD: THE BIRTH OF COPYRIGHT AND THE EMERGENCE OF AUTHORS' RIGHTS

> *"Copyright was technology's child from the start. There was no need for copyright before the printing press."*[9]

In retrospect, it does seem prescient that the first book ever published in modern Europe was probably a work made for hire and was subsequently involved in a lawsuit.[10] In modern parlance, Johannes Gutenberg's *Forty-two-line Bible* of 1455 (published in Mainz, Germany)

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[8] Royalty-backed securitization goes by several names, including Celebrity Asset-Backed Securities or "CABS", a term coined by John Jackson in his article *Royalty Securitization: Taking CABS to Bankruptcy Court*, 21 Thomas Jefferson L. Rev. 209; and "Bowie Bonds," a trademark of The Pullman Group, LLC, the firm whose first issue of royalty-backed securities was based on copyrights held by musician David Bowie. *See Pullman Group LLC v. Prudential Insurance of America and others*, <http://www.pullmanco.com/lawfile.htm> (Visited April 7, 2000).

[9] PAUL GOLDSTEIN, COPYRIGHT'S HIGHWAY: FROM GUTENBERG TO THE CELESTIAL JUKEBOX 27 (1994).

[10] *See* "Gutenberg, Johannes," *Encyclopaedia Britannica Online*, *at* http://www.eb.com:180/bol/topic?eu=39381&sctn=2&pm=1 (last visited Apr. 10, 2000) [hereinafter Gutenberg]. Had Gutenberg found a way to protect his invention, he might have become one of the wealthiest people of his time. Instead, Gutenberg was a perfectionist whose financial backer lost patience, successfully suing him for breach of contract and ultimately taking possession of the metal type and printing equipment. The first book ever produced under a publisher's imprint, although manufactured with Gutenberg's original equipment, bears the name of the successful litigant and investor Johann Fust, and his son-in-law Peter Schöffer, who learned his craft from Gutenberg. The publishing industry has thus been the subject of financial and ownership legal disputes beginning "literally" with the first book ever published. Despite this seemingly bad omen, the fundamental nature of Gutenberg's mass-produced printed book has remained popular and virtually unchanged for 550 years.

contained copyrightable editorial work by an employee of Gutenberg, based on a public domain source, the Latin Bible.[11] Such thinking would be very foreign to Gutenberg himself, for if copyright was the child of the technology he invented in 1455, it would be another 255 years before copyright in the Anglo-American tradition brought forth technology's grandchild, the rights of the author.[12]

Gutenberg's genius in inventing the movable-type printing press was in his ability to bring together crafts and skills as diverse as gem cutting, metallurgy, and winemaking, and to apply them to the problem of producing uniform type and mass-produced books.[13] This meant more than the invention of a single machine, it meant a "new craft involving movable metal type, ink, paper, and press,"[14] in which the functions of the author, editor, investor, printer, and bookseller were combined, in a context where distinctions between employer/investor and employee/creator were virtually nonexistent. Book publishing was so influential and successful that within fifty years the number of books in Europe increased from a few thousand hand-copied codices to more than nine million published editions.[15] In the fifteenth century, the printing press and printed books represented exciting new technology that could rapidly spread ideas. It was not long before governments took notice and sought to regulate the new industry through the law.

While publishing spread rapidly throughout fifteenth- and sixteenth-century Europe,[16] it was the subsequent copyright and publishing history in England that ultimately had a direct effect on United States copyright

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[11] *See* Gutenberg, *supra* note 10. The author's modern assessment of the work-made-for-hire status of the Gutenberg Bible is based on an assumption that a Gutenberg employee, or someone commissioned by Gutenberg, worked from a public domain hand-copied Latin Bible and made editorial decisions that we would recognize as copyrightable subject matter under derivative works. *See* 17 U.S.C. § 101 (1994). "A work consisting of editorial revisions, annotations, elaborations, or other modifications which, as a whole, represent an original work of authorship, is a 'derivative work.'" *Id.* The point of the illustration is that copyright law has its origins in a model where the functions of employer/investor and employee/creator were indivisible. Copyright began as a publisher's right where all works were made for hire.

[12] The Statute of Anne dates from 1710. *See* 8 Anne, ch. 19 (1710).

[13] *See supra* note 10.

[14] *See generally* "publishing, history of," *Encyclopaedia Britannica Online, at* http://www.eb.com:180/bol/topic?artcl=109461&seq_nbr=1&page=n&isctn+2&pm=1 (last visited Apr. 10, 2000) [hereinafter History of Publishing].

[15] *Id.* at 10.

[16] *See* History of Publishing, *supra* note 14, at 11-13.

law.[17] Royal edicts with the dual goals of controlling publication of books and the ideas expressed within them began with Richard III in 1484, who acted to protect commercial interests by excluding foreigners from the profitable new business and restricting book imports.[18] Under Henry VIII, the state sought to also control the expression of ideas embodied in allegedly heretical or seditious books via a 1538 proclamation that required a Privy Council license before any book could be published.[19] By 1557, the royally granted rights to publish and manufacture books containing approved subject matter were administered by the Stationers' Company, a monopolistic London group of publishing and printing tradesmen who, under Royal Charter, kept records of ownership and exclusive licenses to print, and charged fees for registration of a publishers right to a particular "copy" or manuscript (thus the term "copyright") in an administrative model still recognizable in some of today's copyright office procedures.[20]

Conveniently, any infringements of copyright or violations of state and church censorship could only arise from non-members of the Company, so enforcement of copyright in the name of protecting church and state furthered the members' financial monopoly on the English publishing and bookselling markets. Because the Stationers' Company members were publishers and booksellers, the origins of English copyright were a publisher's right, held in perpetuity or at least until the next royal edict from the Court of the Star Chamber. Authors were not represented and would make their own financial arrangements with each publisher when supplying the manuscript.[21]

Because the power of the Stationers' Company derived in part from the organization's role in supporting state censorship, a subsequently more enlightened era, combined with a growing public and parliamentary resentment of the copyright monopoly represented by the Stationers, led to the end of laws protecting the Company in 1694.[22] Faced with the perils of a wide-open market, the Stationers first made several attempts to restore

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[17] *See generally* WILLIAM F. PATRY, COPYRIGHT LAW AND PRACTICE 3-14 (1994). "The United States' earliest statutes and case law were imported from England . . . ." *Id.* at 3.

[18] *See* History of Publishing, *supra* note 14, at 15.

[19] *Id.*

[20] *See generally* U. S. Copyright Office, *at* http://lcweb.loc.gov/copyright (last visited Apr. 29, 2000).

[21] L. RAY PATTERSON & STANLEY W. LINDBERG, THE NATURE OF COPYRIGHT: A LAW OF USERS' RIGHTS 20 (1991) [hereinafter PATTERSON & LINDBERG].

[22] *Id.* at 27. Political and religious changes in sixteenth- and seventeenth-century Britain left behind the era of regular censorship decrees emanating from the Court of the Star Chamber. *Id.*

the status quo. When these failed, their new strategy, born of desperation, was a lobbying effort to restore their legal protections based not on their old publisher's monopoly but now on a new concept they thought would be more favored by Parliament: statutory rights for authors, who would then in turn transfer their rights to the publishers.[23]

The resulting Statute of Anne of 1710[24] extended the Stationers' existing copyrights for twenty-one years, but also vested rights to new publications in the authors, and these new rights were for a limited duration of fourteen years, renewable for fourteen years if the author was living.[25] If the author did not survive the initial fourteen-year term, the work went into the public domain. Thus, two new concepts were introduced that complete the "triumvirate" of copyright interests today: publishers' rights, authors' rights, and users' rights (the public domain). This revolutionary Act was capped off with an unmistakable statement of a new policy behind the law; instead of arising from state censorship and business monopoly, the Statute of Anne was entitled "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."[26] Thus, the Stationers' Company, in an effort to restore their rights through authors, created a concept with its own independent life: a new balance of ownership be-

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[23] *Id.*

[24] 8 Anne, ch. 19 (1710).

[25] The Statute of Anne's total term of twenty-eight years is still significant, as it was incorporated into the 1909 Copyright Act providing for an initial term of twenty-eight years followed by a renewal term of twenty-eight years. All works under copyright protection today and first published between 1923 and 1977 inclusive (*i.e.*, under the terms of the 1909 Act) retain some connection to the original Statute of Anne period of protection.

[26] *See* PATTERSON & LINDBERG, *supra* note 20. In the subsequent litigation known as the "Battle of the Booksellers," the publishers found the limited duration of copyright protection problematic and tried to ignore the twenty-one year limitation of their previously perpetual exclusive rights. They also sought to have a common-law perpetual copyright protection granted to authors, who could then assign to publishers. The most famous case in this effort to expand copyright duration was *Donaldson v. Beckett*, 1 Eng. Rep. 837 (H.L. 1774), involving an Edinburgh publisher who brought out a public-domain edition of a work originally published by Beckett, which was past the twenty-eight year term of copyright protection. At issue was whether the author's common-law copyright in his work was extinguished if the work was published under the statutory twenty-eight year protection granted by the Statute of Anne. The court held that an author did have a common-law copyright in his work that gave the author exclusive rights until the work was published. But once published under statute, the twenty-eight year limit applied and the work then fell into the public domain. *Id.* 36-46. *See also* MARSHALL LEAFFER, UNDERSTANDING COPYRIGHT LAW 5 (3rd ed. 1999).

tween employer/investor and employee/author that continues to evolve today.

It was this policy of author's rights, limited duration of copyright protection, and the public domain that provided the conceptual framework for the Copyright Clause of the United States Constitution[27] and the Copyright Act of 1790,[28] the direct precursor of the Copyright Acts of 1909[29] and 1976.[30] The preamble to the 1790 Act is closely modeled on the Statute of Anne: "An Act for the encouragement of learning, by securing the copies of maps, charts, and books, to the authors and proprietors of such copies, during the times therein mentioned."[31]

For a further understanding of how the ownership rights of publishers and authors continue to be balanced today, we will examine the legislative history of our current copyright laws.

III. OWNERSHIP ISSUES: NATURAL AUTHORS, STATUTORY AUTHORS, AND WORKS MADE FOR HIRE

A. The Statutory Framework of Ownership under the Works-Made-for-Hire Doctrine

Once a work is created that fits within the Copyright Act's statutorily defined subject matter,[32] ownership can be vested in two ways, in two different statutorily defined types of "authors." First is a natural person or persons (in the case of a joint work),[33] clearly labeled by the Act as "the author."[34] We will use the term "natural author." The other type of ownership vests in a natural person or a business entity "considered the author for purposes of this title," defined as "the employer or other person for

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27 "The Congress shall have the power . . . to Promote the Progress of Science and the Useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const. Art. 1, § 8, cl. 8.

28 Act of May 31, 1790, ch. 15, 1 Stat. 124.

29 Copyright Act of 1909, Pub. L. No. 60-349, 35 Stat. 1075.

30 Title 17 U.S.C.

31 1 Stat. 124 (1790).

32 *See* 17 U.S.C. §§ 102-105 (1994) setting forth the requirement of an original work of authorship fixed in any tangible medium of expression within categories of works including literary, musical, dramatic, pantomime, choreographic, pictorial, sculptural, motion pictures, sound recordings, and architectural works. Further delineations of copyright eligibility covered in §§ 102-105 include use within a compilation or derivative work, the effect of national origin and international treaties, and the unavailability of copyright protection for works "of the United States Government." *Id.*

33 17 U.S.C. § 201(a) (1994). "Copyright in a work protected under this title vests initially in the author or authors of the work. The authors of a joint work are coowners of copyright in the work." *Id.*

34 *Id.*

whom the work was prepared."[35] We will use the term "statutory author."[36]

Ownership vests in this statutory author by virtue of his having hired or commissioned a natural author to create the work, which is designated a "work made for hire."[37] A work made for hire is defined in the Act under 17 U.S.C. § 101:

> A "work made for hire" is—
>
> (1) a work prepared by an employee within the scope of his or her employment; or
>
> (2) a work specially ordered or commissioned for use as a contribution to a collective work, as a part of a motion picture or other audiovisual work, as a translation, as a supplementary work, as a compilation, as an instructional text, as a test, as answer material for a test, or as an atlas, if the parties expressly agree in a written instrument signed by them that the work shall be considered a work made for hire.[38]

So a copyright and authorship of a work will be created in one of two ways — either vested in the natural author who created the work or vested in the statutory author as a work made for hire. If owned by the natural author, he is free to assign, transfer, or license any portion of his exclusive rights under copyright in exchange for fees or future royalties. If it is owned by the statutory author as a work for hire, it will have either been created by an employee of the statutory author within the scope of his employment, or it will have been commissioned from an independent contractor. If commissioned, the work must fit within one of the nine categories of works enumerated in the Act, and both parties must sign an express written work-made-for-hire agreement.[39] There are some works which therefore can never be works for hire, if they were not created by an employee, and also do not fit within any of the nine statutory categories of commissioned works made for hire.

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[35] 17 U.S.C. § 201(b) (1994). "In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title, and, unless the parties have expressly agreed otherwise in a written instrument signed by them, owns all of the rights comprised in the copyright." *Id.*

[36] The terms natural author and statutory author are analogous to author and publisher as discussed in the earlier context of the development of Anglo-American copyright law.

[37] The statutory term "work made for hire" will be used interchangeably with "work for hire."

[38] 17 U.S.C. § 101 (1994).

[39] *Id.*

B. The Termination Rights Issue

The creator of a specially ordered or commissioned work for hire may still receive fees or future royalties, depending on the terms of the written agreement. But he will not be the author of the work, and will not enjoy the exclusive rights of authorship under copyright.[40] Prominent among the rights that are lost is the right to terminate previously made transfers of copyright. Because no one can know the full long-term economic value of a creative work when it is first created, the law gives authors or their heirs a window of opportunity between thirty-five and forty years after the original grant to void unremunerative assignments or transfers of the original copyright and regain ownership. Thus copyright law is one of the few areas in life where one can improve on an earlier bargain and thereby enhance one's own financial position. This is why the termination right is so highly esteemed. For creative works that beat the odds and have substantial long-term financial value, it allows the natural author or his heirs or representatives to have the rare pleasure of "a second bite at the apple."[41]

This loss of termination rights serves one of the basic policies behind the work-made-for-hire doctrine, the reduction in "transaction costs" for the statutory authors.[42] Companies or individuals that hire employees to create copyrightable works, or specially order or commission works, have the right to do so, especially in cases like a motion picture where the result can only be accomplished with the creative participation of many individuals. The work-made-for-hire doctrine allows authorship and ownership to vest in the statutory author, thus allowing clear title and maximum ability to derive the economic benefits to society and access of the public to the work. Otherwise, the rights of termination and reversion held by joint authorship claimants could result in competing non-exclusive licenses that make exclusive exploitation of the work impossible.

For example, in joint works created since January 1, 1978, by two or more authors, § 203 provides that "termination of the grant may be effected by a majority of the authors who executed it,"[43] and if any of the authors is no longer living, that right passes to a potentially large group of

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[40] 17 U.S.C. §106 (1994).

[41] 17 U.S.C. § 203(a) (1994).

[42] *See* Statement of Paul Goldstein, Lillick Professor of Law, Stanford University before the Subcommittee on Courts and Intellectual Property of the Committee on the Judiciary, U.S. House of Representatives, May 25, 2000, at 1, *at* http://www.house.gov/judiciary/gold0525.htm (last visited May 26, 2000). Prof. Goldstein's analysis of the new amendment was prepared "at the request of the RIAA." *Id.*

[43] 17 U.S.C. § 203(a)(1) (1994).

statutory heirs, including widow(er), children, and grandchildren.[44] Thus, for example, a majority group could exercise termination rights that would bind the minority to a new grant against their will. The number of groups who must then make decisions by a majority can grow exponentially, with great possibility for disputes interrupting exploitation of the copyright. The problem of the division of termination rights becomes more complex where a producer or other joint author executed a separate agreement. Theoretically, while grantor A might choose not to exercise termination rights, grantor B with a separate agreement may choose to terminate unilaterally and make a new grant to a new record company. The result would be the same recording available nonexclusively from two different record companies.[45] Further, for sound recordings made in the period 1972 to 1977 (the period after federal copyright protection for sound recordings began but before the effective date of the 1976 Act), there is no "majority rules" requirement for multiple grantors; the termination right for the extended renewal term may be exercised by each grantor individually "to the extent of a particular author's share in the ownership of the renewal copyright."[46]

Work-for-hire status is also determinative in the duration of copyright protection, providing instead of the life of the author plus seventy years a term of ninety-five years from publication or 125 years from creation, whichever expires first.[47] As for pre-1978 works in their first term of protection on January 1, 1978, the employer and not the employee may claim the sixty-seven year extended renewal period.[48]

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[44] 17 U.S.C. § 203(a)(2) (1994).

[45] *See* Statement of Marybeth Peters, Register of Copyrights, before the House Subcommittee on Courts and Intellectual Property on the Issue of Sound Recordings as Works Made for Hire, May 25, 2000, *at* http://lcweb.loc.gov/copyright/docs/regstat52500.html (last visited May 25, 2000).

[46] 17 U.S.C. § 304(c)(1) (1994).

[47] Instead of the life plus seventy years provision for natural authors, copyright protection for statutory authors "endures for a term of 95 years from the year of its first publication, or a term of 120 years from the year of its creation, whichever expires first." 17 U.S.C. § 301(c) (Supp. IV 1998).

[48] *See* Title 17 U.S.C. § 304 (a)(1)(B)(ii) (1994). "Any copyright, the first term of which is subsisting on January 1, 1978, shall endure for 28 years from the date it was originally secured. . . . In the case of . . . any work copyrighted by a corporate body (otherwise than as assignee or licensee of the individual author) or by an employer for whom such work is made for hire, the proprietor of such copyright shall be entitled to a renewal and extension of the copyright in such work for the further term of 67 years." *Id.* Other consequences, labeled by Professor Nimmer as "mildly exotic," include works made for hire for the United States Government, which are statutorily in the public domain (17 U.S.C. § 105), and loss of protection for works made for hire where the employer is a foreign national of a country not included

C. *The Legislative History of Works Made for Hire*

The House Report for the 1976 Act leaves little doubt that compromise and deliberation were the legislative background behind the enumerated list of works made for hire:

> The work-made-for-hire provisions of this bill represent a carefully balanced compromise . . . The status of works prepared on special order or commission was a major issue in the development of the definition of 'works made for hire' in section 101, which has undergone extensive revision during the legislative process. The basic problem is how to draw a statutory line between those works written on special order or commission that should be considered as 'works made for hire,' and those that should not. The definition now provided by the bill represents a compromise which, in effect, spells out those specific categories of commissioned works that can be considered 'works made for hire' under certain circumstances.[49]

The legislative process, which was a unique solution to the problem of "drafting a statute for an area so complicated that no member of Congress could acquire meaningful expertise,"[50] began in the 1950's and culminated in passage of the 1976 Act. It consisted of studies, advisory panels, reports, and comments designed to reach compromise between the affected parties before submission to the legislature itself.[51] What is important to understand is that this type of "handmaiden" approach, where much of the statute was drafted by affected parties under the guidance of the Register of Copyrights, is different from a process which reflects solely the intent of the legislature.[52]

Among the most significant compromises were those related to ownership, and many of these ownership disputes involved the scope of the works-made-for-hire doctrine. For example, under the 1909 Act, authors could reclaim the twenty-eight-year renewal term after the initial twenty-eight-year period of protection, but in 1943 the Supreme Court held that authors could pre-assign their expectancy interest in the renewal term, and thereafter most contracts transferring copyright included an assignment of the renewal term. This effectively eliminated the right to claim renewals, unless the author died prior to the twenty-eighth-year of the first term, in

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in international reciprocal copyright treaties (17 U.S.C. § 104). *See* NIMMER ON COPYRIGHT § 5.03 at 1.

[49] H.R. REP. No. 94-1476, at 181 (1976).

[50] *See* Jessica D. Litman, *Copyright, Compromise, and Legislative History*, 72 CORNELL L. REV. 857, 879 (1987) [hereinafter Litman].

[51] *Id.* at 872.

[52] *Id.* at 879.

which case the author's heirs (as defined in the Copyright Act) could claim the renewal term.[53] So in the pre-legislative process that led to the 1976 Act, authors were desirous of gaining statutory termination rights that could not be contracted away under pressure,[54] while employers were desirous of securing expanded statutory ownership in works made for hire.[55] The result was a compromise pursuant to which statutory work-for-hire rights for the employer were clarified and expanded in exchange for termination rights for authors.[56] The Act secured the termination right by making it effective "notwithstanding any agreement to the contrary,"[57] meaning the right cannot be waived.

Other examples of copyright compromise in the area of works made for hire include:

1) Under the old law, works by employees were works for hire under a rebuttable presumption that was subject to challenge via analysis of the parties' intent.[58] Under the new law, employers gained more security because works by salaried employees created in the scope of employment were statutorily regarded as works for hire.[59]

2) Commissioned works were the subject of a compromise that enumerated a list of works, typically by multiple authors, that were considered

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

[54] 17 U.S.C. § 203(a)(5) (1994). "Termination of the grant may be effected notwithstanding any agreement to the contrary." *Id.*

[55] The complexity of multiple co-owners of a copyrighted work such as a motion picture, which may include statutory heirs and others with varying contractual agreements and termination plans, and with no incentive to communicate with each other, shows why the work-for-hire doctrine is so useful and important for certain types of multiple-author works. It should also be remembered that in the traditional studio system, most of the contributors to the production of a motion picture were full time salaried employees whose creative efforts would be owned by the studio, their employer, under the Act.

[56] Note that the "termination rights" for pre-1978 and post-1978 works apply to opposite ends of the copyright time continuum. For pre-1978 works where the period of protection is fixed at ninety-five years, the termination right applies to the period of time *at the end* of copyright protection: the thirty-nine year extended renewal term that follows the initial and renewal terms totaling fifty-six years. For post-1978 works where the period of protection is somewhat open-ended because based on the life of the author (an unknowable period of time if the author is still living) plus seventy years, the termination right applies to the period of time thirty-five years *after the beginning* of copyright protection.

[57] Title 17 U.S.C. §203(a)(5) (1994).

[58] Community for Creative Non-Violence v. Reid, 490 U.S. 730, 743-44 (1989). "As for commissioned works, the courts generally presumed that the commissioned party had impliedly agreed to convey the copyright, along with the work itself, to the hiring party." *Id.*

[59] *See* Litman, *supra* note 50, at 890.

made for hire with ownership vesting in the statutory author, while excluding works such as books by one author, typically produced by natural authors working independently with little bargaining power.[60]

3) Reversion or termination rights could not be exercised against statutory authors of works made for hire, but a new statutory right of termination for natural authors would be created. This new statutory termination right was, however, subject to detailed statutory requirements relating to notice of termination and the ability to make new grants after termination.[61]

The termination notice requirements include an effective date of termination between thirty-five and forty years after the original date of execution of the grant;[62] advance notice in writing,[63] signed by the owner(s) of termination interests under the Copyright Act;[64] such notice to be given not more than ten and not less than two years before the effective termination date;[65] the notice must be recorded in the Copyright Office before the date of termination,[66] and shall comply "in form, content, and manner of service, with requirements that the Register of Copyrights shall prescribe by regulation."[67]

Further restrictions apply to new grants, or agreements to make such a new grant. New grants are valid only if made after the effective date of termination[68] and if signed by "the same number and proportion of the owners . . . as are required to terminate the grant."[69] Thus, in the period of two to ten years between notice of termination and effective date of termination, the natural author may not agree to make or actually make a new grant. The exception to this period in "limbo" allows for an agreement for a new grant to be made with the original grantee or its successor in interest.[70] Thus, the termination right for natural authors is mitigated

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60 *Reid*, 490 U.S. at 747 n.13.

61 17 U.S.C. § 203(a) (1994 & Supp. IV 1998).

62 17 U.S.C. § 203(a)(3) (1994).

63 17 U.S.C. § 203(a)(4) (1994).

64 17 U.S.C. § 203(a)(1-2) (1994 & Supp. IV 1998).

65 17 U.S.C. § 203(a)(4)(A) (1994).

66 17 U.S.C. § 203(a)(4)(A) (1994).

67 17 U.S.C. § 203(a)(4)(B) (1994). *See also* 37 C.F.R. § 201.10 (*Notices of termination of transfers and licenses covering extended renewal term*). The requirements are set forth in detail as regards contents, signature, service, harmless errors, and recordation. The regulations specify that recordation by itself is not evidence that the regulations have been fully complied with: "Recordation of a notice of termination by the Copyright Office is without prejudice to any party claiming that the legal and formal requirements for issuing a valid notice have not been met." *See* 37 C.F.R. § 201.10(f)(4).

68 17 U.S.C. § 203(b)(4) (1994).

69 17 U.S.C. § 203(b)(3) (1994).

70 17 U.S.C. § 203(b)(4) (1994).

by restrictions on timing and the ability to enter into new agreements that favor the original grantee.

4) To further compromise on the new statutory termination right granted to authors, publishers received an exception to the termination right for any derivative works licensed by the publisher during the thirty-five to forty-year period prior to termination.[71] The exception for previously licensed derivative works protected music publishers as regards income such as mechanical royalties on the sale of recordings prepared and licensed under the original grant,[72] and performance royalties generated by derivative works licensed prior to termination.[73] Under the 1976 Act, motion picture and television studios were also protected as to their derivative use of underlying stories created after January 1, 1978,[74] licensed

[71] 17 U.S.C. § 203(b)(1) (1994). "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." *Id.*

[72] For pre-1978 works where the author or heirs terminated the extended renewal period, the Second Circuit in *Fred Ahlert Music Corp. v. Warner/Chappell Music, Inc.*, 155 F.3d 17 (2nd Cir. 1998), narrowed the scope of the derivative works exception, based on the particular license language at issue in the case. The court held that the publisher who lost the extended renewal period due to termination under Title 17, § 304(c)(6)(A), subsequently retained mechanical royalty rights only for the exact same recordings they had sublicensed under the original grant. So under the facts in *Ahlert*, if a record company re-issued a recording in a new compilation with a new catalog number and under a new mechanical license after the grant had been terminated, it was no longer the exact mechanical license issued under the original grant, and the right to sublicense the new re-issue was held by the heirs (the song at issue was *Bye Bye Blackbird* as sung by Joe Cocker, re-released on the soundtrack CD for the motion picture *Sleepless in Seattle*). This decision (which the court stated also fostered the statutory policy of promoting public access to derivative works) conflicted to an extent with the court's earlier holding in *Mills Music, Inc. v. Snyder*, 469 U.S. 153 (1985), which denied heirs who had exercised extended renewal term termination rights in the song *Who's Sorry Now* any ownership in the 400 derivative works licensed by Mills Music under the original grant of the renewal term of copyright.

[73] *See* Woods v. Bourne, 60 F.3d 978 (2d Cir. 1995) (In the portion of *Woods* that dealt with derivative audiovisual works, the court held that the derivative works exception applies to performance royalties generated by television broadcasts of derivative audiovisual works licensed prior to termination. The court's opinion helpfully distinguishes between synchronization licenses for songs used in the production of derivative audiovisual works and subsequent public performance royalties generated by television broadcasts of those works). *Id.* at 984.

[74] Although Title 17 § 201(b) grants continued use of *post-1978* works in sublicensed derivative works after *termination*, the situation is more restrictive

from publishers and authors;[75] and literary publishers received the specific works-for-hire categories most central to their needs, including collective works, translations, instructional texts, and compilations.[76]

It has been argued that because copyright law is based partly on a compromise drafted by the affected parties, courts are deprived of the certainty of legislative intent in making their decisions, which may suffer from inconsistency as a result.[77] In the years following enactment of the 1976 Act, the work-for-hire doctrine was subject to conflicting decisions in federal circuits as to what constituted an employee under the act, and what the standards were for commissioned works.

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in *renewals* of the sixty-seven-year renewed and extended period for *pre-1978* works in their first term on January 1, 1978, claimed by heirs or executors of an author who died before expiration of the first term, pursuant to § 304(a)(1)(C) (emphasis added). In *Stewart v. Abend*, 495 U.S. 207 (1990), the Supreme Court held that where an author assigned the renewal term but died before the renewal term vested, and therefore the executor's assignee became the owner of the renewal term, any first-term sublicenses to create a derivative work returned to the assignee in the renewal term and had to be re-negotiated by the licensee. While this was in theory a financial victory for author's heirs or executor who claimed the renewal period, commentators point out the practical effect will be that users of derivative works such as film and television producers, will in future avoid pre-1978 works in their first term on January 1, 1978. *See* LEAFFER *supra* note 26, at 244-46.

[75] *See* Michael H. Davis, *The Screenwriter's Indestructible Right to Terminate Her Assignment of Copyright: Once a Story is "Pitched," a Studio Can Never Obtain All Copyrights in the Story*, 18 CARDOZO ARTS & ENT. L.J. 93 (2000) (noting that writers retain authorship and termination rights in preliminary treatments of movie and TV scripts created before the writer entered into a work-made-for-hire agreement to produce the finished screenplay. Davis also includes a discussion outlining differences between industry practice in contracts and the work-made-for-hire copyright law in the context of termination rights retained by writers, noting that termination rights disputes will await judicial resolution when the rights begin to be claimed. Professor Melville B. Nimmer was for a time a representative of the Writers Guild of America, possibly during a portion of the period up to 1966, when the works-made-for-hire provisions of the 1976 Act were originally being negotiated and drafted, though his participation in these issues is unknown. ("There followed a stint representing the Writers Guild of America, where he pioneered several then-novel concepts that continue today to enrich the well-being (and coffers) of Hollywood's creative talent.") *See* DAVID NIMMER, NIMMER ON COPYRIGHT, § Dedication, Memoriam, and Prefaces at 2. (1999).

[76] *See* Litman, *supra* note 50, at n.226. *See also* Title 17 U.S.C. § 101 (1994) (definition of work made for hire).

[77] *See generally* Litman, *supra* note 51.

D. Statutory Interpretation Issues

In the work-for-hire doctrine, the law thus endeavors to create a level playing field that gives natural authors an opportunity thirty-five to forty years after the original grant to terminate the grant and strike a new deal, while balancing that right against the needs of statutory authors to establish clear authorship and ownership in order to make effective long-term economic use of the creative work. This seemingly simple statutory and contractual framework has, however, resulted in copious litigation, conflicts among the circuits, a Supreme Court decision, and the "millennial flip-flop." The controversies continue for several reasons, including confusion over what types of commissioned works come within the scope of the doctrine; judicial confusion over case law precedent variations between the 1909 and 1976 Copyright Acts; lack of understanding of the doctrine among parties resulting in non-binding agreements both oral and written; and ambiguity in the statutory definitions of who is an employee.

1. Confusion over the Scope of Commissioned Works

Under the 1909 Act, the question of ownership of commissioned works was left up to case law and favored the employer over the employee by "generally presum[ing] that the commissioned party had impliedly agreed to convey the copyright, along with the work itself, to the hiring party."[78] This expansive view of commissioned works becoming works made for hire is in contrast to the 1976 Act, which protects natural authors by expressly limiting the categories of works that may be considered works made for hire, and further requires an express agreement signed by both parties. Yet agreements in the period 1978-1999 were virtually always drafted wherein sound recordings are stated to be works made for hire despite their omission, in that time period, from the enumerated list in § 101(2). As we shall see, courts have not favored expansion of the statutorily enumerated categories, and claims that sound recordings fit within other categories, for example collective works, have not yet been tested in the courts.[79]

2. Transitioning 1909 Case Law Precedent to the 1976 Act

Sixty years of case law under the 1909 Act had built up a store of judicial precedent whose influence spilled over into decisions under the new 1976 Act, despite markedly different rationale and policy behind the 1976 Act.[80] For example, under the 1909 Act a rebuttable presumption

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78 Community for Creative Non-Violence v. Reid, 490 U.S. 730, 744 (1989).

79 *See infra* section (V) (C) (2).

80 *See* Litman, *supra* note 50, at 859. "A decade after passage of the 1976 Act, however, the decided cases manifest judicial reluctance to abandon prior

existed that the hiring party of a commissioned work was the statutory author.[81] However, under the 1976 Act, certain types of commissioned works, including photography, are excluded from the work-for-hire definition in order to protect their authors from exploitation. Nevertheless, in *Peregrine v. Lauren* the District Court for the District of Colorado held that photographs produced by an independent contractor could be works for hire under the 1976 Act.[82]

3. *"Failed" Work-for-Hire Agreements Resulting in Implied Nonexclusive Licenses*

Where the written commission agreement between the parties fails to follow the statutory guidelines, the hiring party may find that their intent to gain ownership of the commissioned work has been frustrated. This may arise where the subject matter of the work in question does not fit within the nine statutorily defined categories of works for hire, or where it fits but the parties fail to meet the statute of frauds requirement of express written agreements creating works for hire signed by both parties. Instead of leaving the hiring party with nothing to show for their payment, the courts may choose to "look at alternatives beyond the parties' intended arrangement"[83] and find an implicit nonexclusive license, allowing the hiring party to get at least some of the benefit of their bargain by making use of the work on a nonexclusive basis.[84]

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doctrine." *Id. See also* Marci A. Hamilton, *Commissioned Works as Works Made for Hire Under the 1976 Copyright Act: Misinterpretation and Injustice*, 135 U. PA. L. REV. 1281 (1987) ("Congress intended not merely to amend the 1909 Act, but rather to overhaul the copyright law."). *Id.* at 1290.

81 *Reid*, 490 U.S. at 743-44. "As for commissioned works, the courts generally presumed that the commissioned party had impliedly agreed to convey the copyright, along with the work itself, to the hiring party."

82 601 F. Supp. 828 (D. Colo. 1985). The approach used by the District Court in *Peregrine* was one of the approaches ultimately disfavored by the Supreme Court in *CCNV v. Reid*.

83 Effects Assocs., Inc. v. Cohen, 908 F.2d 555, 558 (9th Cir. 1990), *quoted in* Scott J. Burnham, *The Interstices of Copyright Law and Contract Law: Finding the Terms of an Implied Nonexclusive License in a Failed Work for Hire Agreement*. 46 J. COPYR. SOC'Y 333 (1999). Burnham's article analyzes the many ways that an intended work-for-hire agreement can fail, and discusses settlement solutions arrived at by the courts. Burnham points out that proper understanding of how works for hire are created along with correct agreement drafting would solve the problem. *See also* Lulirama Ltd, Inc. v. Axcess Broad. Servs., Inc., 128 F.3d 872 (5th Cir. 1997) (finding that where oral agreement did not meet the copyright act's requirement of a writing for exclusive licenses under § 204(a), an implied nonexclusive license existed).

84 *Id.*

4. Ambiguity in the Definition of an "Employee": CCNV v. Reid

There is no statutory definition of the crucial word "employee." This ambiguity was to some extent inherited from the 1909 Act. For example, the 1909 Copyright Act provided only that "the word 'author' shall include an employer in the case of works made for hire."[85] It was left to case law to determine the exact meanings of "employee" and "works made for hire."[86] The resulting conflicting definitions in the Circuit Courts of Appeal led to the Supreme Court seizing the opportunity of resolving the issue of what is an employee under the work-for-hire doctrine by granting *certiorari* in *Community for Creative Non-Violence v. Reid*.[87]

The Supreme Court's opinion in *Reid* made progress towards clarifying ambiguity in both prongs of the works-made-for-hire definition. First, the court applied a "literal" test in determining whether a work fit within the nine enumerated categories dealing with specially ordered or commissioned works. Next, the court resolved conflicts in the circuit courts by applying a new test to determine whether the author of a work was an "employee" under the Act.

CCNV v. Reid is ironically a case about ownership of the copyright of a statue which depicts a family that owns nothing. The Community for Creative Non-Violence was a nonprofit unincorporated association based in Washington, D.C., dedicated to helping the plight of the homeless.[88] CCNV made an oral agreement with Baltimore sculptor Earl Reid to create and be paid for an outdoor sculpture depicting a homeless family living on the street, with the intention to exhibit and tour the sculpture in an effort to raise awareness of the issue, and ultimately to raise funds. Eventually, a dispute erupted concerning ownership. CCNV claimed the statue was a work for hire under §201(b), but Reid claimed ownership vested in himself as the author under §201(a).

Analyzing the definition of a work for hire under §101 "work made for hire" (2), the court found that "sculpture is not one of the nine[89] categories of works enumerated in that subsection, and the parties had not agreed in writing that the sculpture would be a work for hire."[90] With that avenue to finding work-for-hire status eliminated, the court turned to

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[85] *Reid*, 490 U.S. at 743, citing to § 62 of the 1909 Copyright Act.

[86] "Because the 1909 Act did not define "employee" or "works made for hire," the task of shaping these terms fell to the court." *Id.* at 744.

[87] 490 U.S. 730 (1989).

[88] *Id.* at 733.

[89] *Reid* was decided before the 1999 addition and later removal of "sound recordings" as the tenth category of works eligible for work-for-hire status.

[90] *Id.* at 736, quoting from the Court of Appeals for the District of Columbia Circuit, 846 F.2d 1485 (D.C. Cir. 1988).

§ 101 "work made for hire" (1), which finds work-for-hire status for works "prepared by an employee within the scope of his or her employment."[91]

Among the conflicting circuit court decisions on the amount of control that created an employer/employee relationship, it was a Fifth Circuit[92] decision that ultimately steered the Supreme Court towards its definition of the employer/employee relationship under the Copyright Act. In *Easter Seal Society for Crippled Children and Adults of Louisiana, Inc. v. Playboy Enterprises*,[93] a charitable organization hired a local television station video crew to film staged scenes of New Orleans Mardi Gras parades and jazz concerts, scenes later broadcast as part of a fundraising telethon.[94] When the station loaned the tape to a Canadian producer who used portions of it as location stock footage in an adult film shown on the Playboy cable television channel, the Easter Seal Society sued for copyright infringement, claiming ownership of the original New Orleans footage as a work made for hire.[95]

It was the "literal" interpretation espoused by the Fifth Circuit which the Supreme Court substantially adopted. The two prongs of this "literal" approach included literal adherence to the carefully negotiated categories of works under §101 "work made for hire" (2). If a work did not fit within one of the categories and also satisfy the statute of frauds writing requirement, then it could only qualify as the work of an employee under §101 "work made for hire" (1). It was the innovation of Judge Gee of the Fifth Circuit to enlist the aid of the *Restatement of Agency Law's* "Definition of a Servant"[96] in defining the word "employee" as used in the Copyright

91 17 U.S.C. §101 (1994).

92 Although Judge Gee wrote in his opinion that the Second Circuit was "the *de facto* Copyright Court of the United States," he was no doubt pleased when his Fifth Circuit opinion was later substantially adopted by the Supreme Court in deciding a major copyright issue in *CCNV v. Reid*, 815 F.2d at 325. The remarkable Judge Gee also displayed dry wit, keen memory, and graceful style in his footnote 1:

> Thus, this most delightful of case names: *Easter Seal Society for Crippled Children v. Playboy Enterprises*; seriously rivaled, in our judgment, only by *United States v. 11 ¼ Dozen Packages of Article Labeled in Part Mrs. Moffat's Shoo Fly Powders for Drunkenness*, 40 F. Supp. 208 (W.D.N.Y. 1941) (condemnation proceeding under Food, Drug and Cosmetic Act), and *United States ex rel. Mayo v. Satan and his Staff*, 54 F.R.D. 282 (W.D. Pa. 1971) (leave to proceed in forma pauperis denied in view of questions of personal jurisdiction over defendants).

Id. at 325.

93 815 F.2d 323 (5th Cir. 1987).

94 *Id.*

95 *Id.*

96 RESTATEMENT OF AGENCY (SECOND) § 220(2).

Act,[97] reasoning that applying agency law outside its normal context of determining liability under *respondeat superior* "creates a certain moral symmetry: a buyer is a statutory 'author' if and only if he is responsible for the negligent acts of the seller. For example, a buyer will only be the 'author' of a writing if he would be liable under *respondeat superior* in a defamation action based on that writing."[98]

The resulting test articulated by the Supreme Court to determine whether the author is an employee under the work-for-hire provisions of the Copyright Act includes the following factors, no one of which is determinative:[99]

> the skill required; the source of the instrumentalities and tools; the location of the work; the duration of the relationship between the parties; whether the hiring party has the right to assign additional projects to the hired party; the extent of the hired party's discretion over when and how long to work; the method of payment; the hired party's role in hiring and paying assistants; whether the work is part of the regular business of the hiring party; whether the hiring party is in business; the provision of employee benefits; and the tax treatment of the hired party.[100]

Applying this test to Reid, the court found that he was an independent contractor and not an employee of CCNV.[101] His statue entitled "Third World America" was therefore not a work for hire.[102] The *Reid*

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97 *Easter Seal Soc'y*, 815 F.2d at 326.

98 *Id.* at 325.

99 *Reid*, 490 U.S. at 752.

100 *Id.* at 751.

101 The Court's analysis is as illuminating as it is concise:

> Reid is a sculptor, a skilled occupation. Reid supplied his own tools. He worked in his own studio in Baltimore, making daily supervision of his activities from Washington practicably impossible. Reid was retained for less than two months, a relatively short period of time. During and after this time, CCNV had no right to assign additional projects to Reid. Apart from the deadline for completing the sculpture, Reid had absolute freedom to decide when and how long to work. CCNV paid Reid $15,000, a sum dependent on "completion of a specific job, a method by which independent contractors are often compensated." Reid had total discretion in hiring and paying assistants. "Creating sculptures was hardly 'regular business' for CCNV." Indeed, CCNV is not a business at all. Finally, CCNV did not pay payroll or Social Security taxes, provide any employee benefits, or contribute to unemployment insurance or workers' compensation funds.

490 U.S. at 752-53 (citations omitted).

102 *Id.* at 753. The Court went on to say that CCNV "may be a joint author if, on remand, the District Court determines that CCNV and Reid prepared the work "with the intention that their contributions be merged into insepara-

test as articulated by the court seemed to settle the issue of how to resolve ownership disputes under the work-for-hire doctrine: "To determine whether a work is for hire under the Act, a court first should ascertain, using principles of general common law of agency, whether the work was prepared by an employee or an independent contractor. After making this determination, the court can apply the appropriate subsection of § 101."[103]

IV. THE SHORT-LIVED 1999 AMENDMENT: SOUND RECORDINGS AS WORKS MADE FOR HIRE

We have seen that the historical process of balancing the ownership rights of employers/investors with those of employees/creators was reflected in the legislative history of the modern work-for-hire doctrine. In that process, negotiations between affected parties and government representatives and agencies evinced great respect for the concept of authorship and ownership as fundamental constitutional and natural law rights. As noted by the Supreme Court in *Reid*, during the twenty-year revision process leading up to passage of the 1976 Act, the Register of Copyrights intentionally excluded certain categories of works, including musical compositions and choreography, from the enumerated list of works made for hire under §101 "work made for hire" (2):

> An attempt to add "photographic or other portrait[s]," . . . to the list of commissioned works eligible for work for hire status failed after the Register of Copyrights objected: "The addition of portraits to the list of commissioned works that can be made into 'works made for hire' by agreement of the parties is difficult to justify. Artists and photographers are among the most vulnerable and poorly protected of all the beneficiaries of the copyright law, and it seems clear that, like serious composers and choreographers, they were not intended to be treated as 'employees' under the carefully negotiated definition in section 101.[104]

While there is no legislative or judicial mandate for enacting changes in copyright law in such a long-term and thoughtful manner, it was nevertheless the precedent for the works-made-for-hire provisions, and a source

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ble or interdependent parts of a unitary whole." In that case, CCNV and Reid would be co-owners of the copyright in the work." *Id.* Note that co-ownership issues arise only where work-made-for-hire status is found not to exist.

103 *Id.* at 750-51.

104 *Id.* at 747.

of some judicial pride in the Supreme Court's opinion in *Reid*.[105] So when on November 29, 1999, sound recordings were added to the Copyright Act's list of works eligible for work-for-hire status in §101 "work made for hire" (2),[106] some members of the copyright community voiced surprise and even indignation that this substantive change was passed in the guise of a technical amendment, and therefore without the studies, reports, advisory panels, negotiation, and compromise which were the hallmarks of the legislative process leading up to the 1976 Act.[107] Quickly identified as a leading issue was the possibility that recording artists would be deprived of their authorship of sound recordings, and therefore also deprived of termination rights under the 1976 Act if their sound recordings were held to be works made for hire, with the record company subsequently becoming the statutory author.[108]

Ninety percent of record companies in the United States are represented by their trade and lobbying organization, the Recording Industry Association of America (RIAA).[109] Lobbying groups can wield enormous influence in Washington, and press reports of the work-for-hire amendment tended to portray the RIAA as a lobbying organization that exercised influence over the legislative process.[110] Following passage of the

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105 "The Act, which almost completely revised existing copyright law, was the product of two decades of negotiation by representatives of creators and copyright-using industries, supervised by the Copyright Office and, to a lesser extent, by Congress." 490 U.S. at 743. "Strict adherence to the language and structure of the Act is particularly appropriate where, as here, a statute is the result of a series of carefully crafted compromises." *Id.* at 748 n.14.

106 *See* note 2 *supra*.

107 *See* Litman, *supra* note 50.

108 *See* note 4 *supra*.

109 *See generally* RIAA/home, *at* http://www.riaa.org.

110 *See* Bill Holland, *The New Work-For-Hire Law to be Examined: The Arguments from Both Sides,* BILLBOARD, May 20, 2000 (noting that the works-made-for-hire amendment arose during passage of anti-cyber-squatting legislation, in a provision that allows owners of works made for hire to register domain names containing names of individuals otherwise protected by the Act).

See also the Anticybersquatting Consumer Protection Act of 1999, Pub. L. No. 106-113, Div. B, § 1000, 113 Stat. 1536:

> A person who in good faith registers a domain name consisting of the name of another living person, or a name substantially and confusingly similar thereto, shall not be liable under this paragraph if such name is used in, affiliated with, or related to a work of authorship protected under title 17, United States Code, including a *work made for hire as defined in section 101 of title 17*, United States Code, and if the person registering the domain name is the copyright owner or licensee of the work.

Id. (emphasis added).

amendment, all parties, including the RIAA,[111] requested congressional hearings, which were held on May 25, 2000 and led ultimately to the amendment's repeal.[112] In his introductory remarks, the Chairman of the Subcommittee on Courts and Intellectual Property of the Committee on the Judiciary, Howard Coble, corrected press reports of a "midnight amendment" and emphasized that the amendment was

> [O]penly discussed before the entire conference staff a few days before the conference concluded. Each conference staffer had the opportunity to review the provision and bring it to the attention of his or her Member. Over the course of the next few days, no objections were raised by staff or Members to the amendment. The Registrar [sic] of Copyrights was also consulted prior to the adoption of the amendment.[113]

V. *SOUND RECORDINGS AS WORKS MADE FOR HIRE: STATUS YEAR BY YEAR*

Between record companies and recording artists, there are therefore now four distinct types of ownership relationships involving work-for-hire status, based on the copyright statutes in existence when the agreements were made. Although, as we shall see, there have been copyright infringement disputes where the issues included the work-made-for-hire status of a sound recording, there is not yet any case law arising from a fact pattern

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Because the Anticybersquatting Act gave such protection to works made for hire as defined in §101 of the Copyright Act, the intent was to bring sound recordings within the protection of the anti-cyber-squatting legislation via a "technical" amendment to § 101 of the Copyright Act. Thus the sound-recordings-as-works-made-for-hire amendment and the resulting debate have their current origins in the Internet.

111 *See Work for Hire Letter*, *at* http://www.riaa.com/musicleg/press/020300.htm (last visited Mar. 16, 2000).

112 Hearing testimony in support of the amendment was presented by Hilary Rosen, President/CEO of the RIAA and Professor Paul Goldstein of Stanford University. Testimony urging reconsideration was presented by Michael Greene, President/CEO of the National Academy of Recording Arts and Sciences; Professor Marci A. Hamilton of the Cardozo School of Law; and recording artist Sheryl Crow. Testimony on behalf of the United States Copyright Office was presented by Marybeth Peters, Register of Copyrights. *See Witness List*, *at* http://www.house.gov/judiciary/4.htm (last visited May 26, 2000). As of August 8, 2000, all parties had agreed upon a legislative recommendation calling for repeal of the November 29, 1999 amendment and a return to the pre-amendment status quo. *See* Tamara Conniff, *RIAA, Artists Agree on C'right Language*, BILLBOARD, August 19, 2000, at 3.

113 *See* Statement of the Honorable Howard Coble, *at* http://www.house.gov/judiciary/cobl0525.htm (last visited May 26, 2000).

where an author's termination claim was challenged by a record company's work-made-for-hire claim under the 1976 Act. The earliest date at which such claims could lead to adjudication is 2003, where a 1978 assignment can be terminated after thirty-five years (2013), with notice of termination given no more than ten years earlier in 2003.[114]

A. Sound Recordings Created Prior to February 15, 1972

Prior to February 15, 1972, the effective date of the Sound Recording Act of 1971, sound recordings did not enjoy the protection of federal copyright law.[115] Any agreements prior to February 15, 1972, granting work-for-hire status for sound recordings and transferring full ownership to the record company are governed by applicable state law. Because sound recordings were not copyrightable prior to the date, termination or renewal rights for sound recordings prior to February 15, 1972, do not exist.

B. Sound Recordings Created Between February 15, 1972, and December 31, 1977

Agreements made between February 15, 1972, and December 31, 1977 (the last date of protection under the 1909 Act),[116] come under the 1909 Act's rebuttable presumption that the hiring party owns the commissioned work.[117] However, if the agreement assigned copyright to the record company but was not a work-made-for-hire agreement, or if the author successfully challenges the work-for-hire status, there is a termination window open from fifty-six to sixty-one years after the grant.

During this five-year window, the author or his heirs may terminate the grant and claim the balance of the extended renewal term of thirty-nine years.[118] Therefore, for 1972 to 1977 works, the authors or their heirs will first be able to challenge the work-for-hire status in an effort to termi-

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114 17 U.S.C. § 203(a), §§ (3), (4) (1994).

115 Sound Recording Act of 1971, Pub. L. No. 92-140, 85 Stat. 391 (repealed effective 1978).

116 The 1976 Act took effect on January 1, 1978.

117 *See* Roth v. Pritikin, 710 F.2d 934 (2d Cir.), *cert. denied*, 464 U.S. 961 (1983) (holding that transactions taking place before 1978 should be governed by the 1909 Act). *See* LEAFFER, *supra* note 26, at 201. *See also* NIMMER ON COPYRIGHT § 1.11 (1999).

118 17 U.S.C. § 304(c)(3) (1994). "In the case of any copyright subsisting in either its first or renewal term on January 1, 1978, other than a copyright in a work made for hire . . . [t]ermination of the grant may be effected at any time during a period of five years beginning at the end of fifty-six years from the date copyright was originally secured, or beginning on January 1, 1978, whichever is later." *Id.*

nate the grants between the years 2028 through 2038.[119] Notice may be served ten years before the effective date; therefore the first adjudication of works in this category will occur no earlier than 2018.

The exception to this involves the scenario where the author is no longer living when the renewal term vests. After the initial twenty-eight year term, notwithstanding the author's assignment of the renewal term, the author's heirs are entitled to claim the extended renewal term of sixty-seven years.[120] The last year that any pre-1978 work will complete its initial twenty-eight year term and thus come under this scenario will be 2005.[121]

C. Sound Recordings Created on or After January 1, 1978

Sound recordings fixed after the effective date of the 1976 Act do not fit within one of the enumerated work-made-for-hire categories, so their status remains subject to competing claims not yet decided in the courts. Remember that there is a two-prong test to determine if a work created under the 1976 Act is a work made for hire: either it was prepared by an employee within the scope of his employment, or it was specially ordered or commissioned and is (a) one of the nine enumerated types of works in the statute, and (b) the subject of an express work-made-for-hire agreement signed by both parties.[122]

As regards the "employee" status of a recording artist, analysis applying the *Reid* "employee" test to recording artists has been published twice, concluding that employee status for recording artists is ambiguous at best. In the classic music industry reference book *This Business of Music*,[123] the *Restatement of Agency* test from *Reid* is applied to recording artists. The analysis notes that application of the *Reid* factors to recording situations is heavily dependent on the exact circumstances of each case, including vari-

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[119] For example, a work assigned in 1972 can be terminated at the earliest fifty-six years later in 2028, with the author or heirs enjoying the thirty-nine years of the extended renewal term which will endure until 2067, ninety-five years after the original assignment. A work assigned in 1977 can be terminated at the latest sixty-one years later in 2038, with the author or heirs enjoying the remaining thirty-four years of the thirty-nine year extended renewal term, which will endure until 2072. In all cases, notice of termination can be served no more than ten and no less than two years before the effective date.

[120] 17 U.S.C. § 304(a)(1)(C) (Supp. IV 1998).

[121] For a work copyrighted in 1977, the initial twenty-eight-year term ends in 2005 (1977 + 28 = 2005). Under 17 U.S.C. § 305 (1994) "All terms of copyright provided by sections 302 through 304 run to the end of the calendar year in which they would otherwise expire."

[122] 17 U.S.C. § 101 "work made for hire" (2) (1994).

[123] *See* SIDNEY SHEMEL & M. WILLIAM KRASILOVSKY, THIS BUSINESS OF MUSIC, 190-95 (6th ed. 1990).

ables such as the location of the work, the duration of the relationship, the extent of the hiring party's discretion over when and how to work, etc.[124] *This Business of Music* concludes that "the results of the application of the 10 factors are not necessarily clear, and the subject is fraught with uncertainty and complexity."[125]

A more unequivocal conclusion that recording artists are independent contractors and not employees was reached by Randy S. Frisch and Matthew J. Fortnow in *The Time Bomb in the Record Company Vaults*, an article cited as influential to the lobbying effort to grant sound recordings work-made-for-hire status.[126] In applying the *Reid* factors to recording artists, Frisch & Fortnow conclude that:

> Many of these factors weigh heavily against a finding that an artist has employee status. A record company may help choose the producer for an artist's album, but this is often all the control the company has over the recording . . . [t]ypically, a company provides an artist with a recording budget that the artist spends at a studio of his or her choosing. . . . artists have great discretion over when and how long they work in preparing such recordings.[127]

Frisch & Fortnow further note that "most recording contracts specifically state that, for liability purposes, the artist is an independent contractor and not an employee of the record company."[128]

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[124] *Id.* at 192.

[125] *Id.*

[126] Randy S. Frisch & Matthew J. Fortnow, *The Time Bomb in the Record Company Vaults*, *in* 1993-94 ENTERTAINMENT, PUBLISHING AND THE ARTS HANDBOOK 111, 115-16 [hereinafter Frisch & Fortnow]. Although Frisch & Fortnow conclude that under the 1976 Copyright Act sound recordings are not works for hire, it was their article's suggestion of an amendment to the Act that was cited by *Billboard* magazine as influential in the lobbying effort leading up to passage of the 1999 amendment. *See* Bill Holland, *supra* note 6, at 122.

> The work-for-hire issue has been stirring for almost a decade in record industry legal circles. An article published in the 1994 edition of the *Entertainment, Publishing and the Arts Handbook* warned that "record companies must defuse this time bomb before it is too late" by lobbying for a work-for-hire sound recording amendment to the Copyright Act.

Id.

[127] *Id.* at 115.

[128] *Id.* at 116. As an example, Frisch & Fortnow quote the following sample agreement excerpt: "In entering into this agreement and in providing services pursuant hereto . . . Artist [has] and shall have the status of independent contractors and nothing herein contained shall contemplate or constitute . . . Artist as XYZ's agents or employees." *Id.* at n.36, quoting

As regards the second prong, we will examine the arguments as to whether sound recordings come within the category of specially ordered or commissioned works. First, we will examine recent case law specifically regarding sound recordings as works made for hire. Second, we will discuss whether sound recordings come within the enumerated categories of collective works or compilations. Third, we will consider whether registration of a sound recording as a work made for hire with the Copyright Office is determinative. Next, we will look at the likely reasons why sound recordings were omitted from the enumerated categories of works made for hire. Finally, we will consider whether work-for-hire agreements that recording artists themselves issue to secondary contributors support the argument that sound recordings are works made for hire.

1. Recent Case Law

As noted previously, cases specifically based on termination claims by authors challenged by work-made-for-hire claims by record companies cannot arise under the 1976 Act until 2003. However, there are several recent cases based on copyright infringement claims, all of which found that sound recordings are not works made for hire by following the Supreme Court's lead in *Reid* in applying the "literal approach" to the categories enumerated in §101 "work made for hire" (2) of the act.

In *Lulirama Ltd, Inc. v. Axcess Broadcast Services, Inc.*,[129] the Fifth Circuit in 1997 found error in the District Court's conclusion that sound recordings that might be used as jingles on radio or television came within the "audiovisual work" category of works made for hire.[130] In adhering strictly to the nine categories of works made for hire, the Fifth Circuit held that trying to bring sound recordings within one of the nine categories constituted "improper expansion (of) the class of specially commissioned works that can be works for hire within the meaning of the Copyright Act."[131]

The Fifth Circuit further noted that § 102 of the Act, defining "Subject Matter of Copyright," specifically listed sound recordings as a category separate from audiovisual works, therefore negating the argument that sound recordings come within the category of audiovisual works.[132]

In *Ballas v. Tedesco*, a 1999 sound recording infringement decision based on a specially ordered recording entitled *Titanic Passion*,[133] the Dis-

from DONALD FARBER, NEGOTIATING CONTRACTS IN THE ENTERTAINMENT INDUSTRY Form 160-1, para. 16.10.

129 128 F.3d 872 (5th Cir. 1997).

130 *Id.* at 11.

131 *Id.*

132 *Id.* at 15.

133 41 F. Supp. 2d 531 (D.N.J. 1999).

trict Court for the District of New Jersey first found that the recording was not created by an employee within the scope of employment. Turning to the second prong of the test, the court followed the literal interpretation of the statute from *Reid*, stating that "the sound recordings are not a work for hire under the second part of the statute because they do not fit within any of the nine enumerated categories, and because there was no signed written agreement between the parties."[134]

Finally, in *Staggers v. Real Authentic Sound*,[135] in 1999, the District Court for the District of Columbia also followed the literal interpretation of *Reid*, finding that "a sound recording does not fit within any of the nine categories."[136]

2. *Whether Sound Recordings Come Within Collective Works or Compilations*

Alternative claims that sound recordings would be works for hire by virtue of being a "contribution to a collective work" or a compilation consisting of a standard album of songs have also not fared well in published academic scrutiny, nor have any courts issued opinions on point. Collective works (periodicals, encyclopedias, etc.) typically contain works by several authors, unlike most albums which feature one performing artist or group.[137] Frisch & Fortnow argue that because the examples of a collective work given in the Act are works with multiple authors, such as a periodical issue, anthology, or encyclopedia "in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole," a typical album by one recording artist does not come within the collective work definition.[138]

Compilations are distinguishable because they need not contain copyrightable subject matter, and depend on the commissioning party's selection and arrangement of pre-existing material. Therefore most albums, which represent careful selection of material by one performing artist and

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134 *Id.* at 541.

135 77 F.Supp.2d 57 (D.D.C. 1999).

136 *Id.* at 64.

137 *See* 17 U.S.C. § 101 (1994).

> A "collective work" is a work, such as a periodical issue, anthology, or encyclopedia, in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole. . . . A "compilation" 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.
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> *Id.*

138 *See* Frisch & Fortnow, *supra* note 126.

not the record company, would not qualify as compilations or collective works under the Act.[139]

This Business of Music notes that a specific type of recording such as "Best Hits of the 80s" might qualify as a work-for-hire compilation, but it must be remembered that works for such a compilation would have had to be specially ordered or commissioned for that compilation use, with both parties agreeing in writing. Thus, until tested in the courts, the weight of scholarly opinion indicates that most sound recordings would not come within collective works or compilations.

3. *Registration of a Sound Recording as a Work Made for Hire Is Not Determinative*

The registration of a sound recording as a work made for hire with the United States Copyright Office has also been cited as evidence that work-for-hire status exists.[140] Under the Act, a certificate of registration "made before or within five years after first publication of the work shall constitute prima facie evidence of the validity of the copyright and of the facts stated in the certificate."[141] However, while the information stated on the registration form is a public record of the facts contained on the form, this merely helps establish the validity of the copyright and would constitute just one piece of evidence in any litigation of work-for-hire status. It would not be the final deciding factor in determining work-for-hire status.[142]

As for the registration form itself, the instructions for the form merely quote the work-made-for-hire definition in the Act and add an explanatory note that could be offered to support the registration of a work for hire as valid only in the context of an "employee" (the "first prong" of the Act) but not in the context of an independent contractor (the "second

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139 *Id.*

140 *See* Holland, *supra* note 6, at 122. *See also* RIAA Information: *Sound Recordings as Works Made for Hire*, *at* http://www.riaa.com/intprop/releases/042400.htm (last visited Apr. 28, 2000).

141 17 U.S.C. § 410(c) (1994).

142 Author's telephone conversation with Copyright Office staff, May 4, 2000. *See also* Statement of Marybeth Peters, *at* http://lcweb.loc.gov/copyright/docs/regstat52500.html (last visited May 25, 2000).

> [T]he fact that work-for-hire agreements and copyright registrations as works for hire have been made does not lead to the legal conclusion that the sound recordings . . . are indeed works made for hire. If a specially ordered or commissioned work does not fall within one of the categories set forth . . . the agreement of the parties cannot transform it into a work made for hire.

Id. at 8.

prong" of the Act).[143] In section 2 of Form SR for a Sound Recording, "Name of Author," the following note of instruction appears:

> NOTE: Under the law, the "author" of a work made for hire is generally the employer, not the *employee* (see instructions). For any part of this work that was "made for hire," check "Yes" in the space provided, give the employer (or other person for whom the work was *prepared*) as "Author" of that part, and leave the space for dates of birth and death blank.[144] [emphasis added].

These instructions mirror the language in the first prong of the Act in the use of the key words *employee* and *prepared*: "a work *prepared* by an *employee* within the scope of his or her employment."[145] Nowhere do the instructions on the registration form use language suggestive of the § 101 "work made for hire" (2) definition of a work made for hire by an independent contractor, for example "a work specially ordered or commissioned . . . ." The Copyright Office Form SR instructions would suggest that the work-made-for-hire declaration on the form is meant to apply to the first prong of the *Reid* test only, *i.e.*, to works prepared by an employee within the scope of his or her employment.

The Copyright Office Circular on registration for sound recordings supports that interpretation by stating that "generally speaking, for a new sound recording to be a work made for hire, it must be made by an employee within his or her scope of employment."[146] The circular further states that "a sound recording is not one of the types of works affected by clause (2) of the definition of "work made for hire" unless it constitutes a supplementary work, collective work, or compilation."[147] As we have seen, few sound recordings are likely to fall within the collective work or compilation categories, and case law on point has not yet arisen to clear up the issue.

4. *Is Omission from the Enumerated List in § 101 "Work Made for Hire" (2) Determinative?*

There are at least two possible reasons why sound recordings were not included in the original nine enumerated categories in §101 "work made for hire" (2): (a) the legislative history indicates that the nine cate-

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143 *See* United States Copyright Office, *Form SR For a Sound Recording*, *at* http://www.loc.gov/forms (last visited Apr. 29, 2000).

144 *Id.*

145 17 U.S.C. § 101 (1994).

146 United States Copyright Office Circular 56, *Copyright Registration for Sound Recordings* (1999).

147 *Id.* at 4.

gories were very thoroughly considered and the omission was intentional; (b) the work-made-for-hire language was drafted in the 1960's, before sound recordings were granted federal copyright protection in 1972, and the drafters would not enumerate a category that was not under federal copyright protection.

The problem with this second view is the five-year period of time that was available to remedy the omission. The work-made-for-hire provisions were substantially complete by 1966.[148] Sound recordings were granted federal copyright protection five years later via passage of the 1971 Sound Recording Act (which took effect in 1972). The interested parties thus had five years between the 1971 Sound Recording Act and the 1976 Copyright Act to add sound recordings to the list of enumerated works. They did not, so the question is whether that omission was an oversight that lasted for five years, or whether sound recordings remained off the enumerated list because it had previously been agreed by all parties that musicians needed the protections afforded by omission from the list. Remember that inclusion on the list of commissionable works for hire in § 101 "work made for hire" (2) potentially grants authorship and ownership to the commissioning party, if both parties so agree in writing. Omission from the list protects authors who are independent contractors by guaranteeing their authorship and ownership, including the future termination rights, and making it impossible for those rights to be contracted away.

Thus, in the absence of adjudication that, in the same manner as the Supreme Court did in *Reid,* considers the specific legislative history of the work-for-hire doctrine as it relates to sound recordings, it can be debated both ways whether passage of the 1999 amendment was a tacit admission that Congress did not previously intend that work-for-hire status should exist for specially ordered or commissioned sound recordings, or whether passage of the amendment was merely "clarifying" the *de facto* work-for-hire status of sound recordings, which had been omitted from the list due to legislative oversight.[149]

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[148] *See* Litman, *supra* note 50.

[149] *See* RIAA Information: *Sound Recordings as Works Made for Hire, at* http://www.riaa.com/intprop/releases/042400.htm (last visited Apr. 28, 2000). Arguing that collective works and compilation categories include sound recordings, the statement on the RIAA Web site states that passage of the amendment "was not meant to imply that sound recordings were not included already as collective works or compilations, but rather merely specifies them as their own class of works." *Id.*

5. Is Reliance on Work-Made-for-Hire Status by Recording Artists Determinative?

In determining the work-made-for-hire status of sound recordings, many of the arguments are based on bright lines between the status of record company (owner/investor) and recording artist (author/creator), lines which in the music industry are often blurred. Where a recording artist also functions as his own record company or producer and is the owner of the master recording, he may have the same economic and ownership goals as a record company, and desire protection from future authorship claims from "secondary" collaborating musicians, producers, and technicians who participated in the recording. It is artists' use of the work-for-hire doctrine on their own recordings that was cited by proponents of the 1999 amendment as evidence that pre-amendment recordings are works made for hire, and that the amendment benefitted all parties by formally recognizing that status.[150]

One counter argument is that recording artists don't need the work-made-for-hire doctrine to protect themselves against co-ownership claims by secondary contributors to sound recordings. Artists may protect themselves via other types of agreements with collaborative musicians and engineers, for example, "standard producer agreements and standard background musician union agreements that their contributions are made without claim of authorship."[151]

The Copyright Act supports the position that background musicians and other secondary contributors to a sound recording cannot claim they are joint authors of sound recordings in the absence of mutual intent. Joint works are "works prepared by two or more authors *with the intention* that their contributions be merged into inseparable or interdependent parts of a unitary whole,"[152] therefore few contributors to a sound recording, other than featured artist or producer royalty recipients under contract, will be able to successfully show the requisite intent and may have indeed signed agreements disclaiming authorship.

However, closer examination of one sample union agreement, the current American Federation of Musicians' Phonograph Record Labor

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150 *See Sound Recordings as Works Made for Hire, at* http://www.riaa.com/intprop/releases/042400.htm (last visited Apr. 28, 2000). *See also* Statement of Hilary Rosen, President and CEO of the RIAA before the House Subcommittee on Courts and Intellectual Property on the Issue of Sound Recordings as Works Made for Hire, May 25, 2000, *at* http://www.riaa.org (last visited May 25, 2000).

151 *See supra* Holland, *supra* note 6, at 122 (quoting Ron Fierstein of AGF Management).

152 17 U.S.C. § 101 (1994) definition of a joint work (emphasis added).

Agreement,[153] shows that the authorship disclaimer is itself a "Works-Made-For-Hire" clause. The use of a works-made-for-hire clause in the AFM Phonograph Record Labor Agreement may have thus been influential in the recording industry's assertion that sound recordings are works made for hire. However, should courts one day hold that sound recordings cannot be works made for hire, such work-for-hire-clauses will be of no effect. In that hypothetical scenario, it would remain to be seen whether such voided work-for-hire-agreements would still have some probative value as evidence of the parties' intent in co-ownership disputes.[154]

D. Sound Recordings Created Between November 29, 1999 and October 27, 2000

The Constitution prohibits passage of ex post facto laws[155] by the Federal or state governments. What if a record company executed a valid work-for-hire agreement during the brief life of the 1999 amendment, for example on January 1, 2000. If sometime between 2025 and 2033 the record company receives a timely notice of termination effective in 2035, can the record company claim that the October 27, 2000 repeal was an unconstitutional ex post facto law?[156]

VI. STRATEGY, NEGOTIATION, AND REALITY IN TERMINATION OF TRANSFERS

A. "In Limbo": The Gap Between Notice of Termination and the Making of a New Grant

Music is truly a labor of love. The greatest musicians perform and compose partly for the money and partly because they must. And a chosen few achieve the type of long-term success[157] and popularity that will

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153 American Federation of Musicians of the United States and Canada, *Phonograph Record Labor Agreement* (1999) at 10. [hereinafter AFM].

154 *See* Rodd McLeod, *The Reeducation of Lauryn Hill*, Salon.com Arts & Entertainment, <http://www.salon.com/ent/music/feature/2000/05/10/pop_song/print.html> (Visited May 10, 2000) [hereinafter McLeod] (Noting that recording artist Lauryn Hill is being sued by musicians who performed on a recording and who claim their contributions constituted coownership in the underlying compositions.

155 See U.S. Const., Art. II, § 9 (Cl. 3).

156 Thanks to Prof. Joseph Beard for bringing this issue to the author's attention.

157 *See generally* Lionel S. Sobel, *Recording Artist Royalty Calculations: Why Gold Records Don't Always Yield Fortunes (Second Edition)*, 12 ENT. L. REP. 3 (1990) (detailing the financial results from a gold recording selling 500,000 copies and giving examples of how subtle contractual changes result in substantive improvements in royalty payments). *See also* DONALD S. PASSMAN, ALL YOU NEED TO KNOW ABOUT THE MUSIC BUSINESS (New rev. ed. 1997) (detailing financial results from standard music industry in-

bring with it "clout" in contractual negotiations surrounding termination rights. For works copyrighted on or after January 1, 1978, that are not works made for hire, the right to terminate grants of copyright "may be effected at any time during a period of five years beginning at the end of thirty-five years from the date of execution of the grant."[158]

So the lucky ones or their statutory successors in interest[159] will be able to use the right of termination in a financially meaningful way to potentially secure inducements to either stay with the original record company or switch to a new one.[160] In some cases, the termination rights may be so valuable that notice is given at the earliest possible time under statute, which is ten years before termination takes place, or twenty-five years after the original grant.[161]

The law, however, creates a gap between notice of termination and the effective date of termination, a period in "limbo" where the future

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come sources, including recordings, touring, merchandising, and publishing). *See also* Bobby Rosenbloum, *A Very Welcome Return: Copyright Reversion and Termination of Copyright Assignments in the Music Industry*, 17 ENT. & SPORTS LAW. 3 (1999).

158 17 U.S.C. § 203(a)(3) (1994). "If a grant covers the right of publication for the work, the period begins at the end of thirty-five years from the date of publication of the work under the grant or at the end of forty years from the date of execution of the grant, whichever term ends earlier." This provision allowing thirty-five years from publication or forty years from the date of execution of the grant covers the period of time which may have existed between signing a book contract and printing of the book, and protects authors from publishers who may be assigned rights and then unconscionably delay production resulting in no income being produced. The publisher is essentially allowed a five year grace period to print the book, thus ensuring that perpetual delays by a publisher in printing a book do not perpetually delay the author's termination rights.

159 Where the author is dead, the termination interest is owned by the author's widow, surviving children, and the surviving children of any dead child, or if none of the above are living, the author's executor, administrator, personal representative, or trustee shall own the entire termination interest. 17 U.S.C. § 203(a)(2) (1994).

160 The copyright in the sound recording is distinct from ownership of the master recording. A recording artist who terminates the grant of copyright will of course be able to make copies, but will not take possession of the master recordings themselves. In the era of digital recording where any copy could also serve as a master, this would only be a substantive issue if, for example, the record company held unique and valuable archive recordings of outtakes, alternate versions, etc.

161 17 U.S.C. § 203(a)(4)(A) (1994). The first such termination notices under the 1976 Act will therefore occur in 2003 (1978 + 35 – 10 = 2003). The latest that notice can be given is two years before the termination date. A copy of the notice must also be recorded in the Copyright Office to make the termination effective. *Id.*

termination rights vest in the author(s) as of the date of the notice, but cannot be the subject of a new contract until after the actual termination date arrives.[162] So if notice of termination is given in 2003 for a work originally assigned in 1978, the author will have to be in limbo, without a new grant, until the effective date of termination, which is 2013.[163] An exception to this "limbo" period favors the original grantee. If the terminating parties plan to make the new grant to the original grantee (presumably under better financial terms), then a written agreement to that effect can be made during the limbo period.[164] Thus, the original record company would have an advantage in negotiating for the post-termination new grant, and the recording artist may be wary of exercising termination rights, because during the limbo period the record company may, understandably, devote less promotional and other resources to a sound recording whose transfer has been terminated.

For the recording artists with less-than-stellar negotiating clout, much will depend on how things stand when the time window for notification rolls around. Is the product available in the currently popular formats? Is it selling and therefore valuable to the record company? What is the realistic market? What are the realistic prospects for growth or a nostalgia boom? If the recording artist is also a composer, does the answer to increased income lie more with the music publisher in the areas of exploitation for film and television than with the record company? What about digital performance rights income from digital transmissions?[165] What about the derivative works exception, which would allow the original record company to continue to exploit derivative works, such as music videos, prepared under the terms of the original grant?[166] What if in the

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162 17 U.S.C. § 203(b)(4) (1994). "A further grant, or agreement to make a further grant, of any right covered by a terminated grant is valid only if it is made after the effective date of the termination."

163 *Id.*

164 *Id.* "As an exception, however, an agreement for such a further grant may be made between the persons provided by clause (3) of this subsection and the original grantee or such grantee's successor in title, after the notice of termination has been served as provided by clause (4) of subsection (a)."

165 *See* the Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, 109 Stat. 336 (adding §§ 106(6), 114(d)-(j), 115(c)(3) & (d) to the Copyright Act of 1976). *See also* Corey Field, *New Uses and New Percentages: Music Contracts, Royalties, and Distribution Models in the Digital Millennium*, 7 UCLA ENT. L. REV. 289 (2000) (full version). Also published in 18 ENT & SPORTS LAW. 1 (2000) (condensed and revised version).

166 17 U.S.C. § 203(b)(1) (1994). 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. Frisch and Fortnow point out that even if an artist terminates the copyright in the sound recording, the record company would still hold the rights to a music video or other derivative work

future those derivative works whose rights are retained by the record company have more value than the underlying recording?

For those authors whose sales history is such that termination rights will not generate enormous sums in a bidding war, emotion and subjectivity can run high, along with a belief that more and better promotion will get sales moving again. This will sometimes be coupled with emotionally charged situations where the recording artist may no longer be living, and the "torch" is being carried on by loving family members or even non-profit foundations who see the artist's legacy as a trust that rises above mere commercial concerns of expense and profit.

While the first instinct in such a scenario may be to give notice of termination as soon as possible in the belief that a better deal can be obtained, the reality may be that other record companies have little interest in the product, or if they have interest, they may not have the distribution and market clout of the original company.[167] And remember that, while discussions with new record companies will take place, the "limbo factor" means that negotiations will be hampered by the fact that actual agreements with a new record company cannot be made until the effective date of termination.[168] Alternatively, new companies may arise that successfully specialize in exploitation of terminated grants in some sort of innovative "oldies" reissue format.

B. A Compromise Proposal: Distinguishing Between Degrees of Intended Authorship

The "limbo" period that gives record companies a strong strategic advantage in renegotiating agreements and the reality that relatively few recordings will have a major financial impact thirty-five years in the future suggest that for many artists termination rights may be less valuable than anticipated. Thus, the retention of authorship and termination rights by recording artists may not turn out to be the catastrophe that record companies fear or the windfall that recording artists hope for. However, because music is a labor of love, ownership disputes and claims are likely to

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that would then compete with the recording when issued by a new record company: "By exploiting the derivative works exception, an artist's original record company has much more leverage than was first apparent. This increases the likelihood that an artist will renegotiate with his/her original record company when the time arrives that the artist may terminate the transfer." *See* Frisch & Fortnow *supra* note 126, at 118.

167 While digital distribution of sound recordings via the Internet, satellite, etc. may in the future make considerations of market share and merchandise distribution channels less relevant than marketing and promotional issues, for the moment the author is assuming that physical merchandise will still generate significant income in the future.

168 17 U.S.C. § 203(b)(4) (1994).

occur even where little income is at stake. The true "transaction cost" may be legal costs in dealing with multiple authorship claimants among secondary contributors to the sound recording, a problem shared by record companies and featured recording artists alike. Some music genres are highly collaborative efforts where a musical phrase improvised by a background musician may prove to be an essential creative element, the "hook" upon which a recording's popularity is based.[169]

This suggests a middle ground that would benefit both parties, a compromise in the spirit of the 1976 Act that was recommended by Register of Copyrights Marybeth Peters in her testimony on the work-made-for-hire amendment:[170] statutory recognition that secondary contributors may come within the work-made-for-hire doctrine, while featured artists remain exempt. Taking a cue from the AFM agreement, which distinguishes between royalty recipients and those who do not receive royalties,[171] if secondary contributors who do not have the requisite statutory intent[172] to become joint authors execute a written agreement, then an amendment to the Copyright Act clarifying that they can make their contribution as a work made for hire would serve the intent of all parties. The featured royalty-recipient artists would thus retain their authorship and termination

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169 *See* McLeod, *supra* note 154.

170 *See* Statement of Marybeth Peters, Register of Copyrights, before the House Subcommittee on Courts and Intellectual Property on the Issue of Sound Recordings as Works Made for Hire, 106th Congress, May 25, 2000, *at* http://lcweb.loc.gov/copyright/docs/regstat52500.html (last visited May 25, 2000) [hereinafter Peters]. Peters' proposal would exclude "key contributors" from work-for-hire status. Should the law be amended as Peters proposes, recording contracts in the future will clearly delineate key contributors from non-key contributors. As to agreements made before any such revised law took effect, the lines will remain blurred as to who enjoys key contributor status. AFM and other agreements would undoubtedly also be altered to reflect any such new law.

171 *See* AFM, *supra* note 153, at 34. *See also* Peters, *supra* note 170, at 9:

> This concept is similar to the approach that has been suggested to me by representatives of performers; the language shown to me would exclude a featured recording artist who is defined as "an artist, whether an instrumentalist or vocalist, who has a royalty contract with respect to the distribution of the sound recording." This definition may not sufficiently limit the class with termination rights because secondary performers may also receive royalties.

Id.

172 *See* 17 U.S.C. § 101 (1994). "A 'joint work' is a work prepared by two or more authors *with the intention* that their contributions be merged into inseparable or interdependent parts of a unitary whole." (emphasis added). *See also* Childress v. Taylor, 945 F.2d 500 (2d Cir. 1991) (stating that "equal sharing of rights should be reserved for relationships in which all participants fully intend to be joint authors.") *Id.* at 509.

rights, while the contributions of secondary parties would be regarded as a work made for hire.[173] The result, according to Peters, "would be that the sound recording would be a joint work that is in part a work made for hire and in part a work of individual authors."[174]

Although such a compromise would create a new "second class" of author for sound recordings, it attempts to resolve a fundamental conflict in copyright law: the underlying constitutional mandate to secure exclusive rights to natural authors versus the divestment of those rights represented by the work-made-for-hire doctrine. The Copyright Act's section 101 does not include a definition of the word "author," and the compromise proposal could represent a first step towards that definition.[175] A further benefit would be a new clarity in the law and a lowered transaction cost, because when secondary contributors entered into work-made-for-hire agreements for sound recordings, they would be binding under copyright law.

C. The Digital Future

The as yet unknown part of the mix involves future changes in the music industry that will be brought about by digital distribution of sound recordings on the Internet, via satellite, and via other future technologies. Future income sources and potential increases in piracy are developing quickly and may totally transform the music industry, as well as the future value of termination rights. Digital distribution, promotion, and piracy may make older recordings worthless or valuable beyond all expectation. Because the default rule is that no one really knows these future values, the best position for those not besieged by offers for their termination rights will be to work closely with the original record company on the assumption that the future rights have increased value and to negotiate a future plan. As for record companies, those perceived to have the best future strategy for exploitation in the new digital universe will be the destination of choice for those who hold termination rights.

D. "Bowie Bonds": Redefining the Value of Terminations?

The "chosen few" whose works have long-term value may now have another incentive to oppose work-for-hire status for sound recordings. Securitization is a financial vehicle that allows a holder of assets (the "originator") that are expected to generate future income streams (tradi-

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173 *See* Peters, *supra* note 170.

174 *Id.* at 9.

175 The Act vests copyright in the author or authors of a work in § 201(1), and enumerates categories of original works of authorship in § 102(a), but does not include a definition of the word "author" in § 101 "Definitions." *See* 17 U.S.C. § 101 (1994).

tionally such instruments as mortgages and car leases) to sell the right to collect such income in the form of securities, such as interest-bearing bonds. An anticipated annual revenue stream is thereby converted into a lump sum.[176] The assets are first transferred to an entity called a Special Purpose Vehicle (SPV), which acts as the "middleman" between the originator and the bond holders, and must secure and confirm ownership in the assets so that if the originator declares bankruptcy, the assets are non-recourse, the bond holders retain their security in the assets, and the assets do not become part of the originator's bankruptcy estate.

The bond is then issued by the SPV for a fixed period of time, during which the revenue stream now owned by the SPV is paid to the bond holders, and the original assets act as security. If the payments are not made to the bond holders, the bond holders take over ownership of the original assets. At the end of the term, if the bond holders have received their principal and interest, the SPV transfers the assets back to the originator. A key requirement is that the originator have clear title to the assets so that the SPV's security interest in them has priority. Also, where there is any question of the viability of the future value of the revenue streams represented by the assets, the revenue streams must be guaranteed by a third party, for example, a line of credit from a bank.

The advantage for the originator is that a future income stream is converted to a lump sum that can be structured as a non-taxable loan.[177] The originator will, however, owe tax on royalties as they are earned and the bond holders will pay tax on interest earned.[178] Further, the lump sum allows the originator to diversify by investing in any manner he chooses. Also, a bond issue will realize the full value of the asset in a lump sum, repayable at an attractive interest rate. This compares favorably with other methods of creating liquidity. Banks, for example, might not be will-

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176 *See generally* Lisa M. Fairfax, *When You Wish Upon a Star: Explaining the Cautious Growth of Royalty-backed Securitization*, 1999 COLUM. BUS. L. REV. 441 (1999) [hereinafter Fairfax]. *See also* John Jackson, *Royalty Securitization: Taking CABS to Bankruptcy Court*, 21 THOMAS JEFFERSON L. REV. 209 (1999). *See also* Jennifer Burke Sylva, *Bowie Bonds Sold for Far More than a Song: The Securitization of Intellectual Property as a Supercharged Vehicle for High Technology Financing*, 15 SANTA CLARA COMPUTER & HIGH TECH. L.J. 195 (1999) [hereinafter Sylva]. *See also* Nicole Chu, *Bowie Bonds: A Key to Unlocking the Wealth of Intellectual Property*, 21 HASTINGS COMM/ENT L.J. 469 (1999) [hereinafter Chu]. Note that because of the complex nature of securitization, this article presents an outline of the main issues. The reader is referred to the above articles for further details.

177 *See* Chu, *supra* note 176, at 485-86.

178 *Id.*

ing to loan on the full value of the asset and may charge interest rates higher than the originator will pay to a bond holder.[179]

Because some of the key factors in securitization include clear title held by one entity, a high-dollar-volume, and a predictable revenue stream over many years, securitizations had traditionally been confined to assets such as mortgages and car leases. In the entertainment industry large companies, such as Twentieth Century Fox, Dreamworks SKG, and PolyGram, began in the 1990's to issue bonds based not only on anticipated revenue streams from existing copyrights but also on anticipated revenue from future projects.[180]

While the above securitizations involved large corporations whose status would result in acceptable bond ratings to ensure that investors would have confidence in the bond, there were several obstacles to the contemplation of a successful bond issue based on intellectual-property royalty assets held by an individual musician. As to the requirement of clear ownership of copyrights, the musician would have to have retained ownership in their copyrights and would further have to be the sole copyright owner, with no co-owners whose rights would dilute or otherwise pose potential claims to the future revenue stream. The SPV would therefore first conduct a full title search in order to discover any previous mortgages, assignments, or other claims against the copyright, both in the Copyright Office under federal law and under state U.C.C. filings.[181] The SPV would then perfect its security interest in the asset via recordation in

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179 *Id.*

180 *See* Sylva, *supra* note 176, at 208.

181 As regards perfection of security interests in a copyright, there are conflicting decisions as to the consequences of recordation under federal statute with the Copyright Office. While Copyright Office recordation of the security interest applies to the copyright itself, it may not apply to the security interest in the receivables, or future income, generated by that copyright, which therefore may not need to have been recorded in the Copyright Office in order to be valid. *See* In re Peregrine Entm't, Ltd., 116 B.R. 194 (C.D. Cal. 1990) in which recordation of a security interest in a copyright with the Copyright Office was held to also represent perfection of the security interest in the receivables generated by that copyright. *But see* Broadcast Music, Inc. v. Hirsh, 104 F.3d 1163 (9th Cir. 1997) in which the Ninth Circuit held that assignment of future royalties did not equal a security interest in the copyright itself, and could therefore be perfected under state U.C.C. filings without a prior filing with the Copyright Office. The result is that preparatory searches to confirm clear title to copyrights would have to include U.C.C. filings in all fifty states and the District of Columbia in addition to recordations in the Copyright Office. For information on how perfecting security interest in copyright applies to "negative pickup" film financing deals, see Shelly Rothschild, *Preserving Your Rights and Interests in an Entertainment Deal: Lessons from a Recent Negative Pickup Case*, *in* 1998-99 ENTERTAINMENT, PUBLISHING AND THE ARTS HANDBOOK 295.

the Copyright Office,[182] which serves as constructive notice of the claim to all persons.[183]

This individual would also ideally have to be a "superstar" with a proven revenue stream. A "Catch-22" existed here because musicians in that financial category may already have renegotiated their recording agreements to their satisfaction. He or she may also have enough income to raise a question of whether they need the liquidity and diversification that are prime reasons behind the securitization of assets and that make the risk involved attractive. For there is a risk involved: if for some reason future revenue does not meet expectations, the assets (the copyrights) are forfeited to the bondholders. This is why either a third party guarantor or over-collateralization[184] would be necessary to make securitization of a recording artist or songwriter's assets viable.

In 1997, all of these factors coalesced in the person of recording artist and songwriter David Bowie. Bowie had retained sole ownership of his copyrights in his sound recordings and compositions; had a substantial and reliable income stream, yet had need of a large lump sum for special projects;[185] did not have title clouded by co-owners;[186] and was able to secure a third-party guarantee for the bond issue in the form of a fifteen-year contract with EMI records and publishing.[187] The bond issue was underwritten by Fahnestock & Co. under the direction of David Pullman,

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182 17 U.S.C. § 205(a) (1994). "Any transfer of copyright ownership or other document pertaining to a copyright may be recorded in the Copyright Office." Under § 101 a "transfer of copyright ownership" includes "an assignment, mortgage, exclusive license, or any other conveyance, alienation, or hypothecation of a copyright or of any of the exclusive rights comprised in a copyright."

183 17 U.S.C. § 205(c) (1994).

184 Over-collateralization provides a more secure issue and a higher credit rating from bond agencies because the assessed value of the future revenue is far in excess of the value of the bond offering. For example, in the offering made by James Brown, it is estimated that the "value of the royalties underlying Mr. Brown's offering was between $40 and $50 million, at least $10 to $20 million more than the bond issuance." *See* Fairfax, *supra* note 176, at 464-65.

185 One of Bowie's reported projects was to buy out the contract of his former manager. *See* Fairfax, *supra* note 176.

186 For his pre-1978 works where, if he died during the 28 year initial term his heirs would become the owners of the copyrights in the extended renewal term, Bowie had his heirs assign their expectancy interest to the SPV. *See* Fairfax, *supra* at 483-484.

187 *See* Fairfax, *supra* note 176, at 458. EMI had a fifteen year license to Bowie's complete catalog of over 250 songs, the duration of the bond was thus also fifteen years, and the rating of the bond was tied to EMI's own rating. The publishing and recording company's participation thus played a crucial role in the deal.

who subsequently founded The Pullman Group LLC.[188] Bowie raised fifty-five million dollars in a private issue of asset-backed bonds at an interest rate of 7.9%, reaching maturity at fifteen years. All of the bonds were bought by a large institutional investor, Prudential Insurance.

The initial excitement over "Bowie Bonds," and the subsequent issuance of similar bonds for James Brown and other performers,[189] masked the reality that only a very few individuals will be able to bring together the right formula for success. Undaunted, imaginative potential bond issuers have suggested the possibility of creating pools of musicians who would securitize their assets in a group.[190] Because asset-backed securities depend on clear ownership of the copyrights, there is thus another possible incentive for recording artists to contest work-for-hire status of their sound recordings.

VII. CONCLUSION

Until the courts decide a case of first impression, no one really knows if agreements specifying sound recordings as works made for hire are valid under the 1976 Copyright Act. It could be argued that whichever way the copyright law ends up on the question of the classification of sound recordings as works made for hire, the parties can make compensatory adjustments. For example, even if courts hold that such agreements are valid, recording artists are not forced to accept such status in their future agreements; they can simply stand their ground and refuse to sign work-for-hire agreements. In reality, most artists would not enjoy the luxury of standing firm and will prefer a recording deal today to termination rights of uncertain value thirty-five years in the future. However, for those who

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188 For general information on the Pullman Group, including the complaint filed in their lawsuit against their former business partners and attorneys in the Bowie Bond issue, *See* <http://www.pullmanco.com> (last visited April 7, 2000).

189 *See* Fairfax *supra* note 176, at 461-462. Other performers who have issued "Bowie Bonds" include James Brown, Ashford & Simpson, and the Motown songwriters Edward Holland, Brian Holland, and Lamont Dozier. Note that other planned issues organized by firms other than Mr. Pullman's have reportedly not succeeded, and Mr. Pullman has filed a lawsuit against his former partners in the Bowie Bond issue, including Prudential Insurance and Bowie's business manager, claiming they misappropriated his trade secrets in setting up their own companies to offer "Bowie Bonds." *See* Pullman Group LLC v. Prudential Ins. of Am. and others, *available at* <http://www.pullmanco.com/lawfile.htm> (last visited April 7, 2000).

190 *See* Fairfax *supra* note 176, at 487. *See also* Don Jeffrey, *Securitized Loans are Musicians' Hedge Against the Future*, BILLBOARD, April 29, 2000 at 36 ("Estimates suggest there are more than 1,000 musical artists worldwide who fit the criteria for such loans. The total music market could be $200 million to $400 million a year.").

have competent legal representation and whose services are in demand, a normal assignment of copyright preserving the right of termination may be achievable. In some cases, negotiation of work-for-hire status could be an additional bargaining chip, leading to worthwhile concessions from the record company, such as an appreciably larger advance or royalty percentage. Artists have different goals at different stages of their careers, and termination rights will not always be the top priority.

Conversely, courts may one day decide that none of the previous nine categories of commissioned works for hire includes sound recordings. That would end the debates over whether sound recordings are included in the definitions of collective works or compilations, and make it clear that the only way to create work-for-hire status for a sound recording is if it is created by an employee within the scope of their employment. As we have seen, under *Reid*, that would effectively eliminate sound recordings from work-for-hire status, and thus result in clarity, albeit at the opposite end of the spectrum.

A third option would be to work towards compromise legislation that recognizes that while royalty-recipient recording artists who are the creators of the sound recording do not come within the work-made-for-hire doctrine, other secondary musicians, arrangers, and producers who by mutual agreement are not royalty recipients and are not intended to be joint authors, should fall within the works-made-for-hire doctrine. This compromise measure would both preserve the rights of recording artists and protect them from unremunerative transfers, while also taking substantial steps towards avoiding any potential "chaos" resulting from ownership and termination claims from secondary contributors to the sound recording.

Clarity would be furthered by all three alternative futures as we await the first wave of work-for-hire termination disputes beginning in 2003. The problem with the judicial process is that copyright law is complex and has led to conflicting decisions in the Circuit Courts of Appeal,[191] and it could be years before a companion case to *Reid* reaches the Supreme Court. We will thus await the future companion case to *Reid*, a distant ancestor of the events put into motion in Johannes Gutenberg's printshop, in a distant time when authors and owners were one.

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[191] *See* Michael Landau and Donald E. Biederman, *The Case for a Specialized Copyright Court: Eliminating the Jurisdictional Advantage*, 21 HASTINGS COMM/ENT L.J. 717 (1999) (proposing a single specialized court of nationwide jurisdiction for the "highly technical legal doctrines which are so central to copyright law.").

EVERYTHING YOU ALWAYS WANTED TO KNOW ABOUT DIGITAL PERFORMANCE RIGHTS BUT WERE AFRAID TO ASK

by ERIC D. LEACH*

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*J.D., Whittier Law School, class of 2000. The author would like to thank his wife Debra, who could care less about digital performance rights, for her undying support.

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I. INTRODUCTION

"Simple justice."[1]

[1] *Performers' and Performance Rights in Sound Recordings: Hearings Before the Subcomm. on Intellectual Property and Judicial Admin. of the House Comm. on the Judiciary*, 103d Cong., at 18 (1993) [hereinafter *Performers' and Performance Rights Hearings*] (statement of Ralph Oman, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress, describing the rationale behind a performance right in sound recordings in Finland).

For proponents of a performance right in sound recordings, these two words sum up the arguments as to why such a right is necessary. However, as the following examination of the Digital Performance Right in Sound Recordings Act of 1995[2] [hereinafter *DPRSRA*] clearly reveals, the issues surrounding the relatively new digital performance right in sound recordings are anything but simple.

A variety of legal commentators have long predicted the "virtual music store" scenario, in which music lovers select their favorite songs or albums directly from their home or car, potentially rendering music stores obsolete with the touch of a button.[3] This type of interactive music service, often referred to as the "celestial jukebox,"[4] has not yet become a wide-

[2] Pub. L. No. 104-39, 109 Stat. 336 (1995) (codified as amended in scattered sections of 17 U.S.C.). Some of the DPRSRA's amendments to title 17 were further amended in 1998 by the Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998) (codified as amended in scattered sections of 17 U.S.C.) [hereinafter *DMCA*]. For purposes of this article, discussion of the DPRSRA should be considered by the reader to be discussion of the DPRSRA as modified by the DMCA.

[3] Jeffery A. Abrahamson, *Tuning Up for a New Musical Age: Sound Recording Copyright Protection in a Digital Environment*, 25 AIPLA Q.J. 181, 197-98 (1997); Jay L. Bergman, *Digital Technology has the Music Industry Singing the Blues: Creating a Performance Right for the Digital Transmissions of Sound Recordings*, 24 Sw. U. L. Rev. 351, 362-63 (1995); N. Jenson Calamita, *Coming to Terms with the Celestial Jukebox; Keeping the Copyright Viable in the Digital Age*, 74 B.U. L. Rev. 505, 519-22 (1994); June Chung, *The Digital Performance Right in Sound Recordings Act and its Failure to Address the Issue of Digital Music's New Form of Distribution*, 39 Ariz. L. Rev. 1361, 1361 (1997); Joshua D. Levine, *Dancing to a New Tune, a Digital One: The Digital Performance Right in Sound Recordings Act of 1995*, 20 Seton Hall Legis. J. 624, 624-25 (1996); Rebecca F. Martin, *The Performance Right in 1971 Act of 1995: Can it Protect U.S. Sound Recording Copyright Owners in a Global Market?*, Cardozo Arts & Ent. L.J. 733, 742 (1996); A. Dustin Mets, *Did Congress Protect the Recording Industry into Competition? The Irony of the Digital Performance Right in Sound Recordings Act*, 22 U. Dayton L. Rev. 371, 375 (1997); Adam P. Segal, *Dissemination of Digitized Music on the Internet: A Challenge to the Copyright Act*, 12 Santa Clara Computer & High Tech. L.J. 97, 100-01 (1996); Kenneth D. Suzan, *Tapping to the Beat of a Digital Drummer: Fine Tuning U.S. Law for Music Distribution on the Internet*, 59 Alb. L. Rev. 789, 790 (1995); Megan M. Wallace, *The Development and Impact of the Digital Performance Right in Sound Recordings Act of 1995*, 14 T.M. Cooley L. Rev. 97, 98 (1997).

[4] *Copyright Issues: Cable Television and Performance Rights: Hearings on H.R. 997 Before the Subcomm. on Courts, Civil Liberties, and the Admin. of Justice of the House Comm. on the Judiciary*, 96th Cong., at 234 (1979) [hereinafter *H.R. 997 Hearings*] (statement of Stanley Gorkitov, President of the Recording Industry Association of America [RIAA], using the term "celestial jukebox" to describe a service by which a consumer purchases sound

spread reality.[5] However, digital audio transmissions embodying copyrighted works are becoming commonplace,[6] although their impact on record stores for the most part remains to be seen.[7] Congress' reaction to the copyright dangers posed by these digital audio transmissions was the DPRSRA, which gave sound recording copyright owners a limited exclusive right to perform their works via digital transmissions.[8]

The purpose of this Article is to provide a detailed examination of the history, content, and potential application of the DPRSRA. Section II will provide the background information necessary to put the pertinent issues into perspective, including an investigation into the historical lack of a performance right in sound recordings, the lack of global protection for U.S. sound recording copyright owners, and the rapidly changing face of digital sound recording technology. Section III will attempt to ascertain what Congress specifically intended to accomplish when it passed the DPRSRA by canvassing the legislative history. Section IV will provide an in-depth, section-by-section interpretation and analysis of the DPRSRA. Section V will provide a model by which digital audio transmissions may be analyzed under the current law, including examples analyzing some common types of digital audio transmissions.

II. BACKGROUND

In the early 1990's, Congress was struggling with various controversial sound recording-related issues, including the lack of a performance right

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recordings directly from his home via satellite transmission or cable system). The term "celestial jukebox" was popularized by Professor Paul Goldstein of Stanford Law School in his book *Copyright's Highway: From Gutenberg to the Celestial Jukebox*, who used it to describe interactive digital audio transmissions. PAUL GOLDSTEIN, COPYRIGHT'S HIGHWAY ch. 6 (1994).

[5] RealJukebox, a software program developed by streaming audio pioneer RealNetworks, has been called "the first step toward a literal 'jukebox in the sky'" that would "hook a listener up to any tune, anywhere, at any time." Randall Rothenberg, *Rob Glaser, Moving Target*, WIRED, August 1999, at 126.

[6] *See generally infra* Section II.C.2 (describing common types of digital audio transmissions).

[7] Although records stores have certainly not ceased to exist, "active buyers" (those who have purchased at least three albums in the past six months) as recently as 1997 bought only 45% of their recorded music from retail outlets. Iconocast, Music on the Net 9 (1997) (unpublished marketing brochure, available from Liquid Audio, 810 Winslow St., Redwood City, CA 94063, phone number (888) 547-8430).

[8] Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 2(3), 109 Stat. 336 (1995) (codified as amended at 17 U.S.C. § 106(6) (Supp. IV 1998).

in sound recordings under existing copyright law,[9] various attempts to create such a performance right,[10] the disadvantage in global protection for U.S. authors ostensibly caused by the lack of a performance right in sound recordings,[11] and, most importantly, the rapidly evolving state of sound recording-related technology, which was potentially threatening traditional sound recording distribution channels.[12] The importance of these issues was evidenced by the sheer volume of commerce involved: In 1993, U.S. copyright industries contributed 3.7%, or $238.6 billion, to the nation's gross domestic product.[13] Three million workers were employed by those industries, amounting to 2.55% of the overall work force.[14] Employment in the area had grown at four times the rate of jobs in other sectors.[15] Foreign sales amounted to $45.8 billion, which was the second biggest single contribution to America's balance of trade among all industries, second only to autos and their parts.[16] Particularly affected was Cali-

[9] *See* S. REP. NO. 104-128, at 11 (1995), *reprinted in* 1995 U.S.C.C.A.N. 358 (describing how digital technology was giving new life to the efforts to create a performance right in sound recordings, which had repeatedly failed during the 1970's and 1980's); *see also generally infra* Section II.A (describing the lack of a performance right in sound recordings under existing law). For research purposes, it might be useful to note that the House Report (H.R. REP. NO. 104-274 (1995)) contains much of the exact same information as the Senate Report cited here. This article generally cites to only the Senate Report for redundant information.

[10] *See, e.g.*, Performance Rights Amendment of 1977, H.R. 6063, 95th Cong. (1977); Sound Recording Performance Rights Amendment, H.R. 997, 96th Cong. (1979); Commercial Use of Sound Recordings Amendment, H.R. 1805, 97th Cong. (1981); *see also generally infra* Section II.A.3 (examining these bills in detail, and providing a general overview of the prolonged efforts to create a performance right in sound recordings).

[11] *See Performers' and Performance Rights Hearings*, *supra* note 1, at 1-2 (statement of William J. Hughes, Chairman of the Subcomm. on Intellectual Property and Judicial Admin., describing importance of foreign markets to U.S. copyright industries and the desire of Congress to actively participate in shaping the U.S. position in international copyright treaty negotiations); *see also generally infra* Section II.B (examining briefly the contention that a lack of a performance right in sound recordings was damaging U.S. copyright owners specifically, and the U.S. economy in general).

[12] *See Performers' and Performance Rights Hearings*, *supra* note 1, at 1-2 (statement of William J. Hughes, Chairman of the Subcomm. on Intellectual Property and Judicial Admin., describing the benefits and problems caused by digital technology, including the concern that home taping of digital products would displace retail market sales); *see also generally infra* Section II.C (describing this technology in detail).

[13] *See* 141 CONG. REC. S11,960 (daily ed. Aug. 8, 1995).

[14] *See id.*

[15] *See id.*

[16] *See id.*

fornia, where the music community was home to over 100,000 jobs.[17] Congress' attempts to address these issues would eventually lead to the passage of the DPRSRA. This section is intended to illuminate these issues, so that the backdrop against which Congress was operating during its consideration of the DPRSRA becomes clear.

A. Lack of a Performance Right in Sound Recordings in Existing Copyright Law

To fully understand the importance of a performance right in sound recordings (or lack thereof) to the parties involved in the drafting of the DPRSRA, we must examine the basics of copyright law as it existed at that time, as well as the history of attempts to create such a performance right.

1. Basics of Copyright Law

a. Purpose of Copyright Law

Congress' power to protect creative works through copyright springs directly from the Constitution, which provides that Congress shall have the power "To promote the Progress of Science and useful Arts."[18] The Constitution further mandates that this promotion be achieved by "securing for limited Times to Authors and Inventors [hereinafter *authors*] the exclusive Right to their respective Writings and Discoveries."[19] The purpose for providing authors with a "monopoly" in the rights to their creative works is to economically motivate authors to continue to create works.[20] By limiting this monopoly, Congress ensures that the works will be accessible to the public,[21] thereby promoting the progress of various creative works. This copyright mechanism, by which author's works are *protected* in order to ensure they will be *available* to the public,[22] creates a constant tension in the courts; policy often revolves around how much protection is enough to motivate authors, but not too much to prevent public access.

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17 *See id.*

18 U.S. CONST. art. I, § 8, cl. 8.

19 *Id.*

20 *See* 1 MELVILLE NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 1.03 (1997).

21 *See* Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975).

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

b. Requirements for Copyright Protection

The Copyright Act of 1976, as amended [hereinafter *1976 Act*],[23] provides copyright protection to "original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device."[24] Thus, the requirements for copyright protection can be broken down into three distinct elements: 1) originality; 2) work of authorship; and 3) fixation in any tangible medium of expression.[25]

The constitutional requirement of originality has been defined by the Supreme Court as "independent creation plus a modicum of creativity."[26] The 1976 Act lists eight illustrative examples of works of authorship,[27] including both "musical works, including any accompanying music," and "sound recordings."[28] The inclusion of both musical works and sound recordings as separate types of works is an indication of how music is treated differently from other art forms.[29] Unlike other art forms, a "song" can potentially be afforded two separate and distinct copyrights.[30] The musical work copyright protects the actual composition, including musical notes and lyrics, which is created by the composer.[31] Ownership of a musical work copyright may be divided among various secondary composers, lyricists, arrangers, editors and translators,[32] as well as publishers, who usually gain shares of ownership through contract in exchange for promotion of the work.

If the song is then recorded, the recording itself qualifies for separate copyright protection as a sound recording.[33] Sound recordings are defined as "works that result from the fixation of a series of musical, spoken, or other sounds . . . regardless of the nature of the material objects, such as disks, tapes, or other phonorecords, in which they are embodied."[34] Copyright ownership of a sound recording may be divided among performers, record producers, sound engineers, and other persons responsible for capturing, editing and mixing the sounds embodied in the sound recording.[35]

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23 17 U.S.C. §§ 101-803 (1994).
24 *Id.* § 102(a).
25 *See* NIMMER, *supra* note 20, §§ 2.01, 2.03(a), 2.03(b).
26 Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 345 (1991).
27 17 U.S.C. § 102(a) (1994).
28 *Id.* at § 102(a)(2), (7).
29 *See* Levine, *supra* note 3, at 627.
30 *See* Bergman, *supra* note 3, at 355.
31 *See id.* at 354.
32 *See id.* at 355.
33 *See id.* at 354-55.
34 17 U.S.C. § 101 (1994).
35 *See* Bergman, *supra* note 3, at 355.

The third element required to qualify a work for copyright protection is "[fixation] in any tangible medium of expression."[36] The medium of expression must be such that the work can be "perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device."[37] For a musical work, fixation is generally accomplished by writing the music and lyrics onto paper. In other words, the music is not protected as long as it remains solely within the author's mind; it must be "fixed" on paper or some other medium to be protectable.[38] Of course, if the musical work is fixed in a recording medium, then the recording itself also qualifies for protection as a sound recording.

Sound recordings, as "works that result from the fixation of . . . sounds,"[39] are by definition fixed. "Phonorecord" is the 1976 Act's term for "the material [object] in which sounds . . . are fixed . . . ."[40] Standard cassette tapes, compact discs and DATs (Digital Audio Tapes) are all types of phonorecords.[41] The sounds which they contain can be "perceived, reproduced, or otherwise communicated, . . . with the aid of a machine or device,"[42] which is to say they can be played and therefore heard on a compatible playback device.

c. Exclusive Rights of the Copyright Owner

The author of an original work of authorship obtains a "bundle" of exclusive rights in the work.[43] These exclusive rights include the right to reproduce the work, prepare derivative works based on the work (also known as the right of adaptation), distribute copies or phonorecords of the work, display the work publicly and perform the work publicly.[44] As codified in the 1976 Act, and throughout the period in which Congress was considering the DPRSRA, the "public performance right"[45] was enjoyed

36 17 U.S.C. § 102(a) (1994).

37 *Id.*

38 *See* NIMMER, *supra* note 20, § 2.03(b).

39 17 U.S.C. § 101 (1994).

40 *Id.*

41 Woods v. Bourne Co., 60 F.3d 978, 986 n.3 (2d Cir. 1995).

42 17 U.S.C. § 101 (1994).

43 *See id.* § 106 (listing the exclusive rights). Although works which were created after January 1, 1978 obtain copyright protection upon the date of creation, the process of registering the work for copyright protection is important for three reasons: 1) registration before or within five years of publication is prima facie evidence of copyright validity; 2) registration is required for filing copyright infringement suits; and 3) failure to register limits monetary damages available for infringement. 17 U.S.C. §§ 410(c), 411(a), 412 (1994).

44 *See* 17 U.S.C. § 106 (1994).

45 To "perform" a work means "to recite, render, play, dance, or act it, either directly or by means of any device or process." 17 U.S.C. § 101 (1994). To perform a work "publicly" means "(1) to perform . . . it at a place open to

by musical works copyright owners but did not extend to sound recording copyright owners.[46] Therefore, for example, when a radio station played a selection from a CD (compact disc), the owner of the musical work copyright was compensated for the performance, but the owner of the sound recording copyright was not.[47]

d. Exercise of Exclusive Rights

1) Compulsory Licenses

Typically, exclusive rights are managed directly by the copyright owner through contractual mechanisms called licenses, which allow third parties to exercise these rights in return for consideration. One problem with this type of "free market" approach is that copyright owners may, for various reasons, only allow certain competitive entities to market their creations. In order to prevent this type of "gatekeeping," which blocks public access to creative works, Congress sometimes employs "compulsory" licenses. Compulsory licenses allow copyright owners to collect revenue generated by use of their works while simultaneously guaranteeing public access to them.[48]

Compulsory licenses, also known as "statutory" licenses, are particular types of licenses in which the copyright owner cannot prevent third parties from using the work, as long as the third party pays a specified royalty rate (often known as "royalty" payments) and adheres to any other statutory requirements.[49]

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the public or at any place where a substantial number of persons outside of a normal circle of a family and its social acquaintances is gathered; or (2) to transmit or otherwise communicate a performance . . . of the work to a place specified by clause (1) or to the public, by means of any device or process, whether the members of the public capable of receiving the performance . . . in the same place or in separate places and at the same time or at different times." *Id.*

[46] 17 U.S.C. § 106(4) (1994) (listing various works of authorship in which public performance rights exist, but not listing sound recordings); 17 U.S.C. § 114(a) (1994) (expressly excluding a public performance right from those rights granted to sound recording copyright owners).

[47] *See* Abrahamson, *supra* note 3, at 193-94.

[48] Besides the digital transmissions discussed *infra* Section IV, the 1976 Act currently utilizes compulsory licenses for: 1) secondary transmissions by cable television systems, 17 U.S.C. § 111(d); 2) reproduction and distribution of nondramatic musical works embodied in phonorecords, *id.* § 115; 3) use of certain copyrighted works by noncommercial broadcasting entities, *id.* §118; and 4) secondary satellite transmissions to public for private viewing, *id.* §119.

[49] *See, e.g.*, 17 U.S.C. § 115(a)-(c) (1994) (describing the compulsory license for the reproduction and distribution of phonorecords of nondramatic musical works).

2) Reproduction and Distribution Rights

For sound recording copyright owners, these rights are freely negotiated. For example, a sound recording copyright owner could provide a downloadable[50] digital audio file of his recording on a Web site and sell copies directly to consumers. Traditionally, sound recording copyrights have been contractually owned by record companies.

For musical work copyright owners, royalties on sales of phonorecords in which their compositions are embodied are handled via a "mechanical" licensing scheme. A mechanical license is a particular type of compulsory license set out in § 115 of the 1976 Act, by which owners of copyrights in nondramatic musical works[51] are paid for the reproduction and distribution of the phonorecords which embody their compositions.[52] Specifically, once a musical work copyright owner has authorized the public distribution of such a phonorecord, any third party may reproduce and distribute phonorecords which embody the composition as long as they adhere to the compulsory license requirements.[53]

3) Public Performance Rights

As noted above, sound recording copyright owners were not given a public performance right by the 1976 Act.[54] However, for musical works copyright owners, the public performance right was and is extremely important and potentially impossible to manage. Individual musical work copyright owners cannot possibly enforce their public performance rights individually against every broadcaster or nightclub owner that is playing their songs.[55] Therefore, an enforcement scheme known as "blanket li-

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[50] *See generally supra* Section II.C.2.d (discussing download technology).

[51] Nondramatic musical works are those musical works that are not embodied in a dramatic presentation. A "dramatic work" has been defined as "one that portrays a story by means of dialogue or acting and [that] is intended to be performed. It gives directions for performance or actually represents all or a substantial portion of the action as actually occurring, rather than merely being narrated or described." *Compendium II of Copyright Office Practices* § 431. In other words, the song tells the story in a dramatic presentation, such as a play, rather than merely accompanying it. Therefore, a recording of *Jesus Christ Superstar*, for example, would be a dramatic musical work, whereas a recording typically heard over the radio would be a nondramatic musical work.

[52] 17 U.S.C. § 115 (1994). Mechanical licenses are administered by the Harry Fox Agency, a wholly-owned subsidiary of the National Music Publishers' Association (NMPA).

[53] *See id.*

[54] *Supra* note 46 and accompanying text.

[55] *See* Andrew Hartman, *Don't Worry, Be Happy! Music Performance and Distribution on the Internet is Protected After the Digital Performance Right in*

censing" has been developed.[56] Under this scheme, organizations known as PROs (Performing Rights Organizations)[57] issue blanket licenses, which allow licensees to perform any song in the PRO's repertoire.[58] The PRO then collects and distributes royalties for these performances on behalf of musical work copyright owners.[59] Royalty payments are calculated by surveying and sampling actual broadcasts.[60]

2. *Early History of a Performance Right in Sound Recordings*

a. White-Smith and the 1909 Copyright Act

The distinction between musical works and sound recordings was first recognized in the 1908 Supreme Court case *White-Smith Music Publishing Co. v. Apollo Co.*[61] Apollo sold player pianos along with perforated rolls that, when inserted into the pianos, reproduced the melodies of two of White-Smith's copyrighted songs.[62] When White-Smith sued for infringement, the Court held that the perforated rolls, because they were not visually perceptible representations of the music (like sheet music), did not constitute "copies" of the underlying music.[63] Therefore, the author had no right to control the use of such a recording.[64]

Sound Recordings Act of 1995, 7 DEPAUL-LCA J. ART & ENT. L. 37, 66 (1996).

56 *See id.* at 66-67.

57 The DPRSRA refers to PROs as "performing rights societ[ies]," which is a popular industry designation, and provides this definition: "an association or corporation that licenses the public performance of nondramatic musical works on behalf of the copyright owner . . . ." Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 339 (codified as amended at 17 U.S.C. § 114(d)(3)(E)(ii) (Supp. IV 1998)). The three main PROs are the American Society of Composers, Authors and Publishers (ASCAP), Broadcast Music Inc. (BMI), and the Society of European Stage Authors and Composers (SESAC). *See* Hartman, *supra* note 55, at 67. ASCAP, founded in 1914, represents more than 40,000 composers and 18,000 publishers, adding about 100,000 new titles annually. *See* Iconocast, *supra* note 7, at 10. ASCAP collects dues of $50 from publishers and $10 from writers. *See id.* BMI was established in 1940 and is owned by over 300 broadcasters. *See id.* BMI members total over 56,000 publishers and 110,000 writers and has over two million works registered. *See id.* BMI charges publishers a one-time $100 application fee while writers join for free. *See id.* SESAC was founded in 1930 and represents approximately 1,000 active publishers and 1,900 writers. *See id.*

58 *See* Hartman, *supra* note 55, at 66-67.

59 *See id.*

60 *See* Iconocast, *supra* note 7, at 10; *see also* Hartman, *supra* note 55, at 66-67.

61 209 U.S. 1 (1908).

62 *Id.* at 9.

63 *Id.* at 18.

64 *See generally id.*

Shortly after *White-Smith*, Congress passed the Copyright Act of 1909 [hereinafter *1909 Act*].[65] Although the 1909 Act did provide remedy for "infringement . . . by the unauthorized manufacture, use, or sale of interchangeable parts, such as disks, rolls, bands, or cylinders for use in mechanical music-producing machines adapted to reproduce the copyrighted music,"[66] and further specifically stated that "all writings of an author" would be protected,[67] it did not include sound recordings in its list of classes of protected works.[68] Therefore, sound recordings remained unrecognized as "writings" entitled to copyright protection, largely due to the Court's decision in *White-Smith*.[69]

b. Sound Recordings Act of 1971

Although arguments for protection of sound recordings had been asserted since the early part of the century,[70] sound recordings were not recognized as "writings" and granted federal copyright protection as such until the Sound Recordings Act of 1971 [hereinafter *1971 Act*][71], which was an amendment to the 1909 Act. Even then, only the rights of reproduction, distribution, and adaptation were granted to the owners of sound recordings.[72] This was because the express purpose of the 1971 Act was merely to prevent phonorecord piracy,[73] and Congress was reluctant to upset the existing commercial balance among affected parties.[74] The right of public performance was not included because it was assumed that the

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65 Pub. L. No. 349, 35 Stat. 1075 (1909) (current version codified at 17 U.S.C. §§ 101-803 (1994)).

66 *Id.* § 25(e).

67 *Id.* § 4.

68 *Id.* § 5.

69 *See Hearings on S. 227 Before the Senate Comm. on the Judiciary*, 104th Cong., at 41 (1995) [hereinafter *S. 227 Hearings*] (statement of Marybeth Peters, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress).

70 H.R. REP. No. 92-487 (1971), *reprinted in* 1971 U.S.C.C.A.N. 1568; H.R. REP. No. 104-274, at 10 (1995); *Performers' and Performance Rights Hearings*, *supra* note 1, at 80 (Exhibit A, *The Case Against Performance Rights in Sound Recordings* by Professor Peter Jaszi of Washington College of Law, The American University).

71 Pub. L. No. 92-140, 85 Stat. 391 (1971) (amended to make permanent by Pub. L. No. 93-573, 88 Stat. 1873 (1975), codified as amended in scattered sections of 17 U.S.C.); *See also* H.R. REP. No. 92-487 (1971), *reprinted in* 1971 U.S.C.C.A.N. 1567, 1570; H.R. REP. No. 104-274, at 11 (1995).

72 Sound Recordings Act of 1971, Pub. L. 92-140, 85 Stat. 391.

73 Phonorecord piracy had ballooned to over $100 million due to advances in duplicating technology. *See* H.R. REP. No. 92-487 (1971), *reprinted in* 1971 U.S.C.C.A.N. 1567.

74 *See* S. REP. No. 104-128, at 10 (1995), *reprinted in* 1995 U.S.C.C.A.N. 357.

aforementioned rights were sufficient to protect sound recordings from piracy.[75]

Furthermore, the 1971 Act specifically declined to fix authorship among producers, performers, and other parties to the creation of a sound recording, leaving this issue to be determined through employment and contractual relationships.[76] Finally, according to the DPRSRA's House Report, the 1971 Act was not intended to restrict home taping of sound recordings for non-commercial, private use.[77]

c. Copyright Act of 1976

Arguments for a performance right in sound recordings began in earnest during the deliberations over copyright reform which culminated in the 1976 Act.[78] Congress heard extensive testimony from various interested parties, including the Copyright Office and the RIAA (Recording Industry Association of America),[79] arguing for a performance right, and various broadcasting organizations, including the NAB (National Association of Broadcasters),[80] arguing against a performance right.[81]

The Senate's version of 1976 Act expressly declined to include a performance right in sound recordings, while the House's version called for a study to be done by the Copyright Office,[82] indicating that the issue required further study.[83] The House version was adopted, leaving performance rights advocates empty-handed but hopeful.

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75 *See* H.R. REP. NO. 104-274, at 11 (1995).

76 Sound Recordings Act of 1971, Pub. L. No. 92-140, 85 Stat. 391; *see also* H.R. REP. NO. 92-487 (1971), *reprinted in* 1971 U.S.C.C.A.N. 1570.

77 H.R. REP. NO. 92-487 (1971), *reprinted in* 1971 U.S.C.C.A.N. 1572.

78 *See* S. REP. NO. 104-128, at 10 (1995), *reprinted in* 1995 U.S.C.C.A.N. 357.

79 The RIAA, whose members create and market about 90% of prerecorded music sold in the U.S., generally represents the recording industry in matters affecting the industry as a whole.

80 The NAB generally represents the interests of those who own and operate radio and television stations (in other words, broadcasters) within the U.S.

81 *See* S. REP. NO. 104-128, at 10 (1995), *reprinted in* 1995 U.S.C.C.A.N. 357; *S. 227 Hearings*, *supra* note 69, at 42 (statement of Marybeth Peters, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress).

82 *See* S. REP. NO. 104-128, at 10 (1995), *reprinted in* 1995 U.S.C.C.A.N. 357.

83 *See S. 227 Hearings*, *supra* note 69, at 42 (statement of Marybeth Peters, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress); *but cf. Performers' and Performance Rights Hearings, supra* note 1, at 3 (statement of Mr. Oman, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress) ("[The issue] proved to be too controversial back in 1976 for inclusion in the copyright revision bill."); *id.* at 2 (statement of Rep. Carlos J. Moorehead) ("[The issue was set aside to] expedite the general revision of 1976."); *Commercial Use of Sound Recordings: Hearings on H.R. 1805 Before the Subcom. on Courts, Civil Lib-*

3. Post-1976 Act Attempts to Create a Performance Right in Sound Recordings

In the years following the passage of the 1976 Act, the issues which would eventually culminate in the passage of the DPRSRA began to emerge as several unsuccessful attempts at creating a full performance right in sound recordings were made.

a. Performance Rights Amendment of 1977

During the first session of the 95th Congress on April 4th, 1977, the Performance Rights Amendment of 1977 [hereinafter *H.R. 6063*] was introduced to the House.[84] This amendment would have required commercial users of sound recordings to pay a compulsory license fee for the use of the sound recordings, which would be split evenly among sound recording performers and owners.[85] In 1978, as requested by the 1976 Act, the Copyright Office released its 1,200-page report on performance rights in sound recordings [hereinafter *1978 Report*],[86] unequivocally supporting a full performance right in sound recordings.[87] In March and May, 1978, shortly after the release of the 1978 Report, hearings were held concerning H.R. 6063.[88] The Copyright Office, reiterating the concerns expressed in its report, fully supported a full performance right in sound recordings through a substitute bill, the Sound Recordings Performance Rights

erties, and the Admin. of Justice of the House Comm. on the Judiciary, 97th Cong., at 392 (1995) [hereinafter *H.R. 1805 Hearings*] (statement of Stanley Gorkitov, President of the RIAA) ("[The issue was] too likely to invite the wrath of the broadcaster.").

84 Performance Rights Amendment of 1977, H.R. 6063, 95th Cong. (1977).

85 *Id.*

86 U.S. COPYRIGHT OFFICE, PERFORMANCE RIGHTS IN SOUND RECORDINGS, H.R. Doc. No. 95-15 (1978).

87 *See* S. REP. NO. 104-128, at 10, 11 (1995), *reprinted in* 1995 U.S.C.C.A.N. 357, 358; *S. 227 Hearings*, *supra* note 69, at 43 (statement of Marybeth Peters, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress). The 1978 Report reflected extensive research performed by the Office, including legal and historical research, economic analysis, and information gathered through written statements, hearings testimony and personal interviews. *Id.* The report advised that "[such a right is] entirely consonant with the basic principles of copyright law generally, and with those of the 1976 Copyright Act specifically . . . bringing sound recordings into parity with other categories of copyrightable subject matter." *Performers' and Performance Rights Hearings*, *supra* note 1, at 8 (statement of Ralph Oman, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress, quoting the 1978 Report).

88 *Performance Rights in Sound Recordings: Hearings on H.R. 6063 Before the Subcomm. on Courts, Civil Liberties and the Admin. of Justice of the House Comm. on the Judiciary*, 95th Cong. (1978) [hereinafter *H.R. 6063 Hearings*].

Amendment of 1978, which was essentially the same as H.R. 6063 except that it secured at least 50% of royalties gathered for performers and left the remainder subject to negotiation.[89]

The Copyright Office argued specifically that: 1) constitutionally, a writing is a writing and that protection under copyright law should not be based upon the showing of need by the intended beneficiaries;[90] 2) due to federal preemption under the 1976 Act, any protection of sound recordings must come through federal law;[91] 3) the legislation would help combat the technological unemployment of musicians caused by increased use of recorded performances rather than live musicians;[92] 4) the legislation would allow revenue to reach performers who otherwise receive very little remuneration for their valuable contributions to sound recordings;[93] and 5) the legislation would open the door to U.S. participation in international intellectual property treaties.[94] The 1978 Report further warned that due to technological developments, a performance right would soon be the primary source of income generated by (and therefore the primary incentive for the creation of) sound recordings.[95]

The RIAA also enthusiastically favored the bill, arguing that: 1) broadcasters should not gain a commercial benefit for airplay (in other

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89 *Id.* at 119.

90 *Id.* at 112, 117 (statement of Barbara Ringer, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress). The first part of this statement was made in response to the fact that under the 1976 Act, sound recordings were considered "writings" for some purposes, such as protection against unauthorized duplication, but not of other purposes, such as protection against unauthorized public performance. *Id.* The second part of this statement was made in response to broadcasters' arguments that sound recording copyright owners (mainly record companies) had not shown any financial hardship caused by the lack of a performance right in sound recordings. *Id.* at 112-13.

91 *Id.* at 113, 118.

92 *Id.* at 116.

93 *Id.* at 113, 118-19. Performers, that is to say the musicians and singers whose performances are actually embodied in the phonorecord, typically made little or no money on the sales of sound recordings and, of course, no money at all on the public performances of these sound recordings. *Id.* This was true despite the fact that these performers arguably contributed as much or more than anyone in the creation of sound recordings, often bringing the recording to life with their expertise. The cause of this seeming inequity has been attributed to the lack of bargaining power possessed by the performers when negotiating their services, which is why the legislation in question mandated that a percentage of performance royalties be disbursed to them.

94 *Id.* at 113. Specifically, Ms. Ringer was referring to the Rome Convention, which the U.S. was not a part of despite having significantly assisted in the drafting of the language. *Id.*

95 *See* S. REP. NO. 104-128, at 11 (1995), *reprinted in* 1995 U.S.C.C.A.N. 358 (citing the 1978 Report).

words, performance) of copyrighted sound recordings without paying for it;[96] 2) sound recordings are the only copyrighted works for which a performance royalty is not paid;[97] 3) the broadcasters' primary argument, that airplay is free promotion and therefore should be charged for, only applies to a small minority of top-selling records;[98] and 4) the economic analysis provided by the Copyright Office indicates that the broadcast industry can indeed afford to pay a public performance royalty and that its dire predictions of station closings are highly exaggerated.[99] Representatives of various other interested parties also expressed support for the bill,[100] including the AFL-CIO (American Federation of Labor and Congress of Industrial Organizations),[101] the AFM (American Federation of Musicians),[102] the AFTRA (American Federation of Television and Radio Artists),[103] the Los Angeles Philharmonic, the Hollywood Reporter, the ACA (American Council for the Arts), the SAG (Screen Actors Guild), the National Citizens Communications Lobby, 20th Century Fox, Crescendo Records, A&M Records, the IFPPV (International Federation of Producers of Phonograms and Videograms), and Elektra Asylum Records.

Various other interested parties, led by the NAB, argued against the bill. Speaking on behalf of the broadcasters, the Southern California Broadcasters Association argued that: 1) a performance right in sound recordings is simply a redistribution of moneys from one segment of the private sector to another, and therefore the public would not in any way benefit;[104] 2) record companies receive free radio airplay, which is by far the most important factor in generating record sales;[105] and 3) without radio play, the entire music industry would suffer, thereby damaging all parties.[106] Other interested parties that expressed opposition of the bill[107] included the NAB, the North Carolina Association of Broadcasters, radio

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[96] *H.R. 6063 Hearings, supra* note 88, at 85 (statement of Stanley Gortikov, President of the RIAA).

[97] *Id.* at 86. For example, Mr. Gortikov points out that broadcasters do pay performance royalties to the owners of the musical works embodied in the phonorecords. *Id.* at 85.

[98] *Id.* at 86.

[99] *Id.*

[100] For the specific positions of these parties, see generally *H.R. 6063 Hearings, supra* note 88.

[101] Representing laborers in general; here specifically the performers.

[102] Representing the musicians who perform on sound recordings.

[103] Representing the performers.

[104] *H.R. 6063 Hearings, supra* note 88, at 28 (statement of Pete Newell, Chairman of the Board of Directors for Southern California Broadcasters Association).

[105] *Id.*

[106] *Id.* For example, Mr. Newell predicted that fewer performers would be working, for less money. *Id.*

stations KOBH and KACE, the Amusement and Music Operators Association, Combined Communications Corporation, and the California Music Merchants Association.

b. Sound Recording Performance Rights Amendment

During the first session of the 96th Congress on January 18th, 1979, the Sound Recording Performance Rights Amendment [hereinafter *H.R. 997*] was introduced, which essentially mirrored the language of the 1978 Copyright Office substitute bill[108] while incorporating changes suggested by the RIAA and agreed to by the Copyright Office.[109] In November, 1979, hearings were held concerning various issues, including the passage of H.R. 997.[110]

The Copyright Office again stated its support for a full performance right in sound recordings, reiterating its opinion that the lack of such a right has had "a drastic and destructive effect on both the performing and the recording arts," and that "any economic burden on users of recordings for public performance is heavily outweighed" by damage to sound recording copyright owners.[111] The RIAA also continued its support for a performance right in sound recordings, arguing that: 1) the approaching celestial jukebox would soon render traditional record sales obsolete and leave recording companies with no source of revenue;[112] 2) only the lack of sophisticated communication technology and fear of the power of the broadcast lobby has prevented a performance right in sound recordings up to this point;[113] 3) radio promotion of records is comparable to the promotion that a television special based on a book provides for that book, except that the owner of the copyright in the book receives performance compensation;[114] and 4) fifty-five countries offer a performance right for sound recordings, and because of the reciprocal nature of international copyright law, U.S. authors are discriminated against even though their recorded music is preeminent worldwide.[115] The RIAA further reiterated

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107 For the specific positions of these parties, see generally *H.R. 6063 Hearings, supra* note 88.

108 *See supra* note 89 and accompanying text.

109 Sound Recording Performance Rights Amendment, H.R. 997, 96th Cong. (1979); *see also H.R. 997 Hearings, supra* note 4, at 15 (statement of Barbara Ringer, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress, describing the content of the bill). S. 1552, the companion bill to H.R. 997, was also introduced. *See id.*

110 *H.R. 997 Hearings, supra* note 4.

111 *Id.* at 16.

112 *Id.* at 233-34 (statement of Stanley Gorkitov, President of the RIAA).

113 *Id.* at 234.

114 *Id.* at 234-35.

115 *Id.* at 236-37.

its earlier arguments that more than half of radio programming consists of older records, whose sales are not helped by airplay, and that all other copyrightable works have full copyright protection.[116]

The NAB continued to lead the opposition against any legislation which would require broadcasters to pay for performing sound recordings, arguing that: 1) any such effort would contravene the public interest of avoiding over-regulation;[117] 2) imposing such an obligation would intrude on the delicately balanced relationship that has evolved between broadcasters and artists, which has been nurtured by the current system;[118] 3) the current system works perfectly well, rendering government intervention unnecessary;[119] 4) record companies already receive extremely valuable free advertising for their product through airplay;[120] 5) the record companies themselves demonstrate the value of this free promotion through the lengths they go to procure airplay;[121] and 6) imposing such an obligation would result in "tight playlists."[122]

c. Commercial Use of Sound Recordings Amendment

During the first session of the 97th Congress on February 6, 1981, the Commercial Use of Sound Recordings Amendment [hereinafter *H.R. 1805*] was introduced, which was nearly identical to H.R. 997.[123] In April, June, and July, 1981, hearings were held concerning various issues, including H.R. 1805.[124]

The Copyright Office yet again endorsed a performance right in sound recordings, stating that because of rapidly developing technology, "the need for this legislation is growing year by year."[125] The RIAA, reiterating its now-familiar appeal to Congress with a renewed urgency, implored: "The changing technology is going to revolutionize how consumers and listeners are going to hear and acquire recorded music, and how that recorded music is going to be delivered to them . . . [making it] easier than ever both to avoid and evade paying for that recorded music. All we are

116 *Id.* at 235.
117 *Id.* at 293 (statement of Sis Kaplan, President of NAB).
118 *Id.* at 294.
119 *Id.*
120 *Id.*
121 *Id.* at 295.
122 *Id.* at 295-96. "[T]ight playlists" refers to the phenomenon in which radio stations, attempting to increase profitability, cease to play certain songs or types of music that are deemed unprofitable. *Id.*
123 Commercial Use of Sound Recordings Amendment, H.R. 1805, 97th Cong. (1981).
124 *H.R. 1805 Hearings, supra* note 83.
125 *Id.* at 1010 (statement of David L. Ladd, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress).

asking for is full copyright protection . . . just like all other copyrighted works enjoy."[126] The NAB continued to vehemently oppose any type of performance right in sound recordings, claiming that "a performance right in sound recordings would be an inefficient and ineffective solution to a non-existing problem."[127]

d. Effect of the Failed Performance Rights Bills

These early attempts at creating a performance right in sound recordings failed because "[I]t was [too] difficult to craft a bill that adequately protected the interests of the parties affected by the legislation, while striking a balance between economic incentives for recording artists and public access to recordings."[128] However, it is clear that these failed performance rights bills had some lasting influence on Congress, opening the door for eventual passage of the DPRSRA.[129] In fact, many of the arguments made by the opponents and proponents of these failed bills would be revisited by the parties during the congressional deliberations that led to the passage of the DPRSRA.[130]

B. Lack of Global Protection for U.S. Sound Recording Copyright Owners

Although a detailed examination of the international implications of the DPRSRA is beyond the scope of this article,[131] it should be noted that Congress considered this issue to be an important factor in any pending legislation. According to Subcommittee on Intellectual Property and Judicial Administration Chairman William J. Hughes, "[f]oreign markets play an increasingly important role in the profitability of the U.S. copyright industries."[132]

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126 *Id.* at 388 (statement of Stanley Gortikov, President of the RIAA).

127 *Id.* at 600 (statement of James Popham, NAB counsel).

128 S. REP. NO. 104-128, at 11 (1995), *reprinted in* 1995 U.S.C.C.A.N. 358.

129 The DPRSRA, as discussed *infra* Section IV, is essentially a narrower performance right than had been argued for in these bills.

130 *See generally infra* Section III (discussing the legislative history of the DPRSRA).

131 For detailed information on the state of international performance rights in sound recordings, see U.S. COPYRIGHT OFFICE, COPYRIGHT IMPLICATIONS OF DIGITAL AUDIO TRANSMISSION SERVICES 160 (1991).

132 *Performers' and Performance Rights Hearings*, *supra* note 1, at 1-2 (statement of Chairman Hughes, giving voice to Congress' desire to actively participate in shaping the U.S. position in international copyright treaty negotiations); *see also* CONG. REC. H10,102 (daily ed. Oct. 17, 1995) (statement of Rep. Schroeder, describing the DPRSRA) ("I also want to emphasize how important the creation of [the digital performance right] is with respect to our efforts to ensure strong protection for intellectual property on a global basis.").

Proponents of a performance right in sound recordings argued that U.S. authors were denied income flowing from foreign use of their copyrighted works because of the reciprocal nature of international copyright treatment in many parts of the world.[133] In other words, because U.S. copyright law did not provide protection for the performance of foreign authors' sound recordings, foreign countries commonly would not protect the performances of U.S. authors' sound recordings. Furthermore, the situation was particularly damaging because of the worldwide dominance of U.S. sound recordings in the global market.[134] Performance rights proponents further argued that aside from addressing the performance royalties trade balance issue, a performance right in sound recordings would also provide the U.S. with negotiating power when promoting high levels of protection for U.S. intellectual property during international negotiations.[135]

However, opponents of a performance right in sound recordings countered by arguing that creating such a right would have little, if any, effect on the international position of U.S. sound recording owners.[136] Specifically, performance rights opponents argued that: 1) performance rights in sound recordings are most often found in countries where broadcasting organizations are owned by the government and are intended to subsidize domestic, not foreign, cultural activity;[137] 2) some foreign countries already pay U.S. recording interests for use of performances, and it is likely that those that don't will not under any circumstances;[138] 3) justification for performance right in sound recordings should not be gleaned by comparison with other countries' laws without examining contextually their entire intellectual property scheme;[139] and 4) it is not clear exactly

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133 *See Performers' and Performance Rights Hearings*, *supra* note 1, at 5, 9, 40-43, 46. (statement of Jason S. Berman, President of the RIAA). Foreign countries often offer rights on a reciprocal basis, where rights are only available to members of countries that offer similar rights, rather than on a national treatment basis, where rights offered to foreigners are the same as those offered to nationals. A country that operates under reciprocity, for example, would only pay performance royalties to sound recording copyright owners from countries that also offer a performance right in sound recordings. *See id.* at n. 23.

134 *See id.* at 5, 20. In 1993, 60% of music being broadcast worldwide was U.S. music. *See id.* at 40.

135 *See id.* at 46.

136 *See id.* at 77-78 (statements of Edward O. Fritts, President and CEO of the NAB).

137 *See id.*

138 *See id.*

139 *See id.* In other words, according to Mr. Fritts, other countries that provide a performance right in sound recordings may offer less protection for sound recordings in other areas. *See id.*

how a performance right in sound recordings would advance U.S. negotiating positions.[140]

C. *Changing Technology*[141]

The rapidly changing technological landscape of sound recordings,[142] specifically the problems presented by the increasing digitization of music transmissions, were of particular concern to Congress during its ongoing consideration of some type of sound recording performance right.[143] An understanding of the basic concepts of this emerging technology is necessary to fully appreciate why Congress was concerned with its impact on sound recording performance rights.

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[140] *See id.* at 77-78.

[141] Many of the technical details of this section are based on knowledge acquired during the author's eighteen years of education and experience in the electronic musical instrument industry, and therefore not cited to additional authority.

[142] For a detailed timeline of significant audio developments, from Thomas Edison's recovery of a simple tune from a strip of tinfoil wrapped around a spinning cylinder in 1876 to DVD in 1997, see *An Audio Timeline*, PROSOUND NEWS EUROPE, Sept. 1, 1997, *available at* 1997 WL 14870335. *See also Performers' and Performance Rights Hearings*, *supra* note 1, at 60-63 (statements of Bruce A. York, National Executive Director of AFTRA, AFL-CIO, describing the technological history of the recording industry); Iconocast, *supra* note 7, at 7 (describing the history of recorded music formats in somewhat less detail).

[143] *See Performers' and Performance Rights Hearings*, *supra* note 1, at 1 (statement of William J. Hughes, Chairman of the Subcomm. on Intellectual Property and Judicial Admin., describing the benefits and problems caused by digital technology, including the concern that home taping of digital products would displace retail market sales); 141 CONG. REC. H10,102 (daily ed. Oct. 17, 1995) (statement of Representative Moorehead) ("The purpose of [the DPRSRA] is to insure that [owners of sound recording copyrights] will be protected as new technologies affect the ways in which their creative works are marketed."); 141 CONG. REC. S11,960 (daily ed. Aug. 8, 1995) (statement of Senator Feinstein, describing how the DPRSRA is designed to address the problem of digital technology, which allows CD-quality music to be electronically delivered without payment to the creators of the music). Clearly, Congress was not concerned with advancements in sound recording-related technology per se; rather, they were concerned with how these advancements would effect the existing channels of sound recording distribution. Traditionally, sound recordings (such as vinyl records, eight-track tapes, cassettes, and now CDs) were distributed from manufacturer to distributor to retail outlet to consumer. *See* Iconocast, *supra* note 7, at 9. However, the emergence of consumer electronics chains, discount clubs, mass merchandisers and record clubs had slowly blurred these once-clear lines of distribution. *See id.* Digital transmission technology, especially as it applies to the Internet, has now threatened to erase these lines altogether. *See generally id.* at 15-16.

1. Analog vs. Digital

a. Analog Recording vs. Digital Recording

Over the past decade, digital audio has evolved into the primary driving force in modern audio production, impacting almost every aspect of the audio industry.[144] At its most basic level, digital recording is simply a means of converting sounds into a binary code.[145] In other words, sound pressure waves, which our ears perceive as "sound,"[146] can be represented (and therefore captured and reproduced) with precise accuracy by a series of ones and zeros.[147] Analog recording, on the other hand, represents

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[144] *See* DAVID MILES HUBER & ROBERT E. RUNSTEIN, MODERN RECORDING TECHNIQUES 189 (4th ed. 1997); *see also generally* Iconocast, *supra* note 7, at 7 (showing the dramatically rapid overtaking of album sales by CD sales in the late 1980's).

[145] *See* HUBER & RUNSTEIN, *supra* note 144, at 189. "Digital," as applied to recording, has been defined as "the technique in which sounds or images are converted into groups of electronic bits and stored on a magnetic medium . . . [and] read electronically, as by a laser beam." Gregory Valenti, *Digital Audio Broadcasting: An International Perspective on Compact-Disc Quality Radio*, 8 AM. U. J. INT'L L. & POL'Y 281 n.32 (1992).

[146] *See* HUBER & RUNSTEIN, *supra* note 144, at 23.

[147] *See Performers' and Performance Rights Hearings*, *supra* note 1, at 59 (statement of Bruce A. York, National Executive Director of AFTRA, AFL-CIO) ("A digital linear code of 16 ones and zeros, when it is played back, will represent almost precisely the same sound as when it was recorded."). For a more in-depth discussion of the physics of sound and digitization of audio, see Eric Leach, *Safe Sound: Protecting Digital Sample-Based Products Through Copyright*, 19 WHITTIER L. REV. 805 (1998). *See also generally* HUBER & RUNSTEIN, *supra* note 144, at 189-250 (describing digital audio technology). It should be noted that the degree of accuracy by which sound pressure waveforms can be digitally captured and reproduced depends on a variety of technical factors, the most notable of which are bit depth, sampling rate and data compression. Bit depth, or the number of bits available for processing, determines the resolution of the waveform reproduction. Sampling rate determines the range of frequencies that can be reproduced (a principle known as the Nyquist Theorem). Data compression is the process of reducing the vast amount of ones and zeros that represent the sound pressure waveforms in order to facilitate data storage or transmission. There are many types of data compression algorithms (sometimes called "codecs" for coder/decoder; "encoding" is a synonym for compression that does not carry the negative connotations carried by the word "compression," and is therefore preferred by some audio vendors), some of which fairly drastically change the sound (usually in the form of high-frequency loss and distortion), and others which do not noticeably change the sound at all. If relatively little compression is required, "lossless" compression, in which the data is restored to its exact pre-compression form (in other words, the ones and zeros that are stored exactly match the ones and zeros that are used for reproduction), can be used. However, if large amounts of compression are required, as is usually the case for audio data, a "lossy"

sound pressure waves by aligning the minuscule magnetic particles found on magnetic tape into patterns which "mimic" the sound pressure waveform.[148] In fact, "analog" has been defined as "being similar to or comparable in certain respects."[149] Put another way, if you take a typical analog cassette recorder to the park and record a live performance of an orchestra, the resulting analog recording will be very similar to, but not an exact representation of, the music itself. If you record the performance on a DAT recorder, however, the resulting digital recording will be a much clearer and more accurate representation of the music.[150]

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type of compression must be used, which results in at least some loss of data. Digital recording systems that do not apply compression at all are referred to as "linear" recording systems. Most compression algorithms used for Internet transmissions are of the lossy variety and based on either Dolby's AC-3 algorithm (such as Dolby Net, used by RealAudio) or the video-based MPEG (such as MP2 or MP3). However, newer and higher quality algorithms, such as Dolby Digital and AAC, are constantly emerging as technology advances. For more information on codecs and transmission speed, see generally Ted Greenwald, *Decoding the Codecs*, WIRED, August 1999, at 142.

148 *See generally* HUBER & RUNSTEIN, *supra* note 144, at ch. 4 (describing microphones) and ch. 5 (describing analog tape recorders).

149 HUBER & RUNSTEIN, *supra* note 144, at 159.

150 The music we hear on the radio or from CDs is usually first captured in a recording studio on multitrack recorders and subsequently "mixed down" to a two-track "master" recording, which is then mass-reproduced in the form of CDs, cassettes, etc. Although the master recordings themselves are almost always digital, the multitrack recordings from which they derive may be either analog or digital. Furthermore, it is relatively rare, at least at the time of this writing, for the music to remain in the digital domain throughout the entire recording process. This illustrates the point that among professionals, analog devices remain an important part of the recording process. Indeed, it is certainly a mistake to assume that all digital recordings automatically sound better than analog recordings; how good either type of recording sounds depends on a countless variety of factors. *See, e.g., supra* note 147 (discussing some of the factors that affect the quality of digital recordings). Consequently, a high-quality analog recording will almost certainly sound better than a low-quality digital recording. Even "professional quality" digital recordings (at least 16-bit, with a sampling rate of at least 44.1K per second) may or may not be preferable to their analog counterparts. For example, there has traditionally been much debate within the recording industry as to whether digital or analog multitrack recordings are most pleasing to the ear, with analog proponents claiming that digital recordings are "too brittle" and that analog recordings sound "warmer." However, as technology advances, bit depths and sampling rates will get higher (for example, 24-bit, 96K digital recordings are already here), digital recordings will sound even better, and digital audio will become even more prevalent. It is likely that soon all music will be captured and processed entirely within the digital domain. Furthermore, it is important to note that for the purposes of this article, it is not how the music was originally re-

b. Copy Accuracy

Copying a recording (in other words, a phonorecord) is essentially no different from making an original recording, except that another phonorecord is used as the source material. In other words, to use our previous example, a CD can be recorded to a DAT tape as easily (or more easily) than a live performance. Even if the original phonorecord is an analog recording, a digital copy of the phonorecord maintains the integrity of the original recording more accurately than an analog copy.[151] For example, if you record a song from a phonograph (in other words, a turntable) onto an analog cassette tape, the taped version of the song will generally sound duller and noisier than the song sounds when played directly off of the phonograph.[152] However, a digital copy of the song, such as a DAT copy, will sound practically identical to the way the song sounds when played directly off of the phonograph.

Furthermore, each additional generation of an analog copy loses more and more fidelity, eventually becoming unusable.[153] The concept of

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corded or processed that is important, but how it is transmitted (and to a lesser extent reproduced). *See generally infra* Section IV (discussing the DPRSRA, which is concerned with digital audio transmissions).

[151] *See Performers' and Performance Rights Hearings*, *supra* note 1, at 59 (statement of Bruce A. York, National Executive Director of AFTRA, AFL-CIO) ("Digital recording media allows people to [copy prerecorded music] perfectly."); Richard S. Vermut, *File Caching on the Internet: Technical Infringement or Safeguard for Efficient Network Operation*, 4 J. INTELL. PROP. L. 273, 295 (1997) ("Copied information that is stored digitally is identical to the copy."). However, as discussed *supra* note 147, it should be noted that digital copies are not necessarily "perfect" or "identical" copies. Error correction and data compression, for example, can render digital copies imperfect. The only way to be absolutely certain that a digital copy is a "perfect" reproduction of the original is to painstakingly compare each one and zero of the copy to the original. However, digital recordings are certainly capable of being copied perfectly, and even imperfect digital copies usually sound better than their analog counterparts.

[152] *See Performers' and Performance Rights Hearings*, *supra* note 1, at 62 (statement of Bruce A. York, National Executive Director of AFTRA, AFL-CIO) ("Home recording equipment, despite its continuing improvement, was not capable of capturing sound as accurately as the disc produced from a master recording and purchased in a store.").

[153] This is due to the physical degradation of the recording medium itself; analog tape, for example, loses fidelity as the magnetic particles on the tape wear off from repeated passes over the tape player components. This also occurs on magnetic tape that is used to store digital information (DAT, for example). However, such wear is potentially less critical when only ones and zeros have been recorded. On the other hand, it should be noted that components on some modern recording devices are of such quality that even multiple-generation analog copies can be indistinguishable from equal-generation digital copies. For example, this author has observed tests

analog copying is analogous to making copies of a document on a photocopying machine; the first copy is very close to the original, a copy of that copy is less accurate, a copy of the second copy is even less accurate, and so on.[154] Digital copies, on the other hand, can be made indefinitely, and each copy of a copy accurately represents the original. This concept is analogous to making copies of a document onto floppy disks; each subsequent copy of the document is a perfect replica of the original.[155] In short, high-quality digital representations of music are generally more accurate than analog representations, whether in the original recording process or in the copying process.[156]

c. Analog Transmissions vs. Digital Transmissions

To fully understand Congress' concern with digital transmissions, we must distinguish between analog transmissions, which were the status quo for delivering music, and digital transmissions, which were seen as the delivery system of the future.[157] The 1976 Act, as amended, defines to "transmit" as "to communicate . . . by any device or process whereby . . . sounds are received beyond the place from which they are sent."[158] For example, listening to a song on the radio is the same as listening to the song played on a CD player, except that the radio broadcast has been *transmitted*, that is to say *sent from the broadcast station to the radio receiver.* Although both analog and digital information can be transmitted, Congress' concerns revolved entirely around digital transmissions.[159] Analog transmissions, like analog recordings, deliver an imperfect representation of the sound pressure waveforms, and furthermore are highly susceptible to distortion and interference during the transmission.[160] For

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in which tenth-generation analog copies made on a DAT recorder were indistinguishable from tenth-generation digital copies made on the same recorder, even to trained listeners. As discussed *supra* notes 147 and 150-51, the characterization of digital as automatically superior to analog is dangerously broad, at least considering the current state of technology.

154 *See* Abrahamson, *supra* note 3, at 8.

155 *See id.*

156 *See* U.S. COPYRIGHT OFFICE, COPYRIGHT IMPLICATIONS OF DIGITAL AUDIO TRANSMISSION SERVICES 7 (1991) ("In sum, digital audio represents a superior sound medium to the analog format currently used today.").

157 *See id.* at ii ("Digital represents such a technological advance in sound delivery that it is certain to be *the* audio transmission medium of the future.").

158 17 U.S.C. § 101 (1994).

159 *See* CONG. REC. H10,102 (daily ed. Oct. 17, 1995) (statement of Rep. Moorehead, describing the need for the DPRSRA) ("The problem concerns home subscription services for the digital transmission of music.").

160 *See Performers' and Performance Rights Hearings*, *supra* note 1, at 60-63 (statement of Bruce A. York, National Executive Director of AFTRA, AFL-CIO, describing some of the problems with analog transmissions:

example, consider the prototypical analog transmission of a radio station broadcast as compared to a digital transmission. Traditionally, radio stations transmit sounds by broadcasting continuous electromagnetic waves which mimic the sound pressure waveforms.[161] Consequently, not only are the received waveforms at best merely an imperfect representation of the waveforms that were originally sent,[162] but they are further degraded by the interference picked up along the way.[163] Digital transmissions, on the other hand, are transmissions of ones and zeros.[164] These ones and zeros, when decoded, reproduce the original sound pressure waveforms much more precisely.[165] According to the 1976 Act itself, as amended, a "digital transmission" is the "transmission in whole or in part in a digital or other non-analog format";[166] the word "digital" refers to the process of converting audio data into binary code as described above.[167]

The increasingly common ability of music listeners to accurately and infinitely copy digital audio transmissions was of great concern to Congress at the advent of the hearings which would eventually culminate in the DPRSRA.[168] Specifically, Congress, coming to grips with the paradigm shift of potential phonorecord delivery without a physical phonorecord, was concerned that this ability to copy digital audio transmissions would eventually displace sales of phonorecords. In other words, even digital recordings such as CDs could traditionally only be cop-

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"transmission interference, limited geographic reach, or the high power demands."); Valenti, *supra* note 145, at note 35 (describing "multipath interference," which is the phenomenon of indirect radio waves bouncing off buildings and other objects and interfering with the direct signal, causing the direct signal to fade in and out).

161 *See* Andrew Pollack, *Digital Radio's Hi-Fi Sound Coming: Broadcasters Spar, Brace for Technological Leap to New System*, THE SACRAMENTO BEE, August 13, 1990, at C2, *available at* 1990 WL 8162815.

162 *See id.*

163 *See, e.g.*, Valenti, *supra* note 145, at n.35 (describing "multipath interference").

164 *See* HUBER & RUNSTEIN, *supra* note 144, at 189. Ones and zeros can be represented and transmitted in a variety of ways, including on/off, voltage/no voltage, magnetic flux/no flux or logical one and zero conditions. *See id.*

165 *See id.* Digital error correction systems allow the waveforms to be accurately reassembled even when information is lost due to transmission interference.

166 17 U.S.C. § 101 (1994). "[O]ther non-analog format" was apparently an attempt to include any type of future technology which would not qualify as analog; no such format is currently known of. *See S. 227 Hearings*, *supra* note 69, at 40 (statement of Marybeth Peters, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress).

167 *See supra* notes 145-47 and accompanying text.

168 *See Performers' and Performance Rights Hearings*, *supra* note 1, at 1 (statement of William J. Hughes, Chairman of the Subcomm. on Intellectual Property and Judicial Admin.) ("[T]he near-perfect quality of digital reproductions has led to significant piracy problems.").

ied through imperfect analog means, such as cassette copies, and record stores were the only way to obtain the original recording. However, the very real possibility of making digital copies of digital transmissions meant that music listeners would no longer need to purchase an original recording at a music store.[169] Indeed, this fear of record store replacement was one of the principal motivations for the DPRSRA.[170]

2. *Common Types of Digital Audio Transmissions*

The §101 definition of "digital transmission" is sufficiently broad to cover not only the types of transmissions that existed during the early 1990's, but also types that would later be developed.[171] Consequently, certain types of digital transmissions that were known at the time, such as Digital Audio Broadcast (DAB), Digital Audio Radio Service (DARS) and Digital Audio Cable (DAC), as well as certain types of digital transmissions not fully contemplated at the time, such as downloadable digital audio files, all potentially fall within the purview of the DPRSRA.[172] The following section is not a complete accounting of all types of digital transmissions that may be affected by the DPRSRA, but merely a brief examination of some of the more common types, both known and unknown at the time of the DPRSRA's passage.[173] Although categorization is difficult, due to the fact that digital transmission types tend to overlap as to their defining characteristics, an attempt at such categorization is useful for organizational purposes. However, it should be noted that application of the

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169 Congress was, of course, correct in their view of the future. For example, digital audio files (such as MP3 files) of songs are commonly downloaded via the Internet and subsequently transferred to a recordable CD (CD-R), allowing the song to be played back from a consumer CD player without a trip to the record store. *See* Iconocast, *supra* note 7, at 21.

170 *See* S. REP. NO. 104-128, at 10 (1995), *reprinted in* 1995 U.S.C.C.A.N. 357 ("The purpose of S. 227 is to ensure that performing artists, record companies and others whose livelihood depends upon effective copyright protection for sound recordings, will be protected as new technologies affect the ways in which their creative works are used."). There was also some concern that digital transmission recipients could manipulate the audio data, which was a moral rights-type of concern. *See Performers' and Performance Rights Hearings*, *supra* note 1, at 59 (statement of Bruce A. York, National Executive Director of AFTRA, AFL-CIO).

171 *See supra* note 166 and accompanying text. Of course, Congress did not consider digital transmissions *per se* problematic; only when they are used as a vehicle for performing or delivering sound recordings are they targeted by the DPRSRA. *See also generally infra* Section IV (analyzing the DPRSRA).

172 *See generally infra* Section V.C (analyzing various types of digital audio transmissions under the DPRSRA).

173 In any event, any discussion of rapidly changing technology is, to a certain extent, instantly obsolete by definition.

DPRSRA turns on the characteristics of the digital transmissions themselves, rather than their categorization.

a. Digital Audio Broadcast

DAB was one of the types of digital audio transmissions that Congress was aware of during its consideration of the DPRSRA.[174] DAB was first demonstrated in 1988 by Eureka, a consortium of European broadcasters, manufacturers and government agencies.[175] However, DAB did not gain widespread attention until 1990, when the European Broadcasting Union demonstrated the Eureka 147 DAB system at the NAB convention in Atlanta.[176] DAB, at its most basic level, is simply the broadcasting of a digitized audio signal,[177] and can be thought of as "DM" (Digital Modulation), as opposed to FM (Frequency Modulation) or AM (Amplitude Modulation).[178] Along with its primary advantage of superior sound

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[174] *See Performers' and Performance Rights Hearings*, *supra* note 1, at 30 (statement of Nicholas Garnett, Director General and Chief Executive of the International Federation of the Phonographic Industry (IFPI), discussing types of "electronic delivery" and predicting that DAB would proliferate in the near future); *id.* at 32 (describing both terrestrial and satellite-delivered digital broadcasts).

[175] *See* KENNETH SPRINGER, UNDERSTANDING DAB 105 (Janella Newsome ed., 1994).

[176] *See id.*

[177] *See id.* at xi. The DPRSRA defines a "broadcast" transmission as "a transmission made by a terrestrial broadcast station licensed as such by the FCC." Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(4), 109 Stat. 336, 343 (codified as amended at 17 U.S.C. § 114(j)(3) (Supp. IV 1998)). This definition refers to broadcasting only as it relates to the ground-based delivery system employed by licensed radio and TV stations. However, this definition is used in the DPRSRA in order to distinguish these types of transmissions, and is therefore somewhat narrower than the general definition for broadcasting. "Broadcasting" in the general sense has been defined as "any transmission of sounds by wireless means for reception by a member of the public," *Performers' and Performance Rights Hearings*, *supra* note 1, at 34 (statement of Nicholas Garnett, Director General and Chief Executive of the IFPI), and has also been used as a term to distinguish transmissions intended for the general public from those intended for subscribers only ("narrowcasts"). *See* J. Gordon Elder, *Radio and Television Broadcasting and Reception*, *Colliers Encyclopedia* CD-ROM, Feb. 28, 1996.

[178] *See* SPRINGER, *supra* note 175, at xii. Both AM and FM involve modulation, which is the process of impressing audio information onto a particular type of radio wave called a carrier, which is radiated into space by a transmitting antenna. *See* GERALD E. WILLIAMS, ELECTRONICS FOR EVERYONE, 361-62 (1979). In AM, the amplitude of the carrier wave is modulated; in FM, the frequency of the carrier wave is modulated. *See id.* Currently, there are over 12,000 radio stations in the U.S., broadcasting to over 500 million radios.

quality,[179] terrestrial (that is to say, delivered via ground-based transmitters) DAB has several advantages over analog broadcasts, including greatly reduced interference[180] and the ability to deliver various types of non-audio data.[181]

Terrestrial DAB systems can be roughly divided into two categories: "out-of-band" or "new spectrum" systems, such as the Eureka 147 system, which are designed to work in their own frequency spectrums outside normal radio frequency spectrums, and "in-band" systems, which work within existing AM and FM frequency spectrums.[182] In-band DAB systems can be further categorized as either IBOC (in-band on-channel), in which the in-band signal coexists with the AM/FM signals in their existing frequency spectrums, or in-band adjacent-channel, in which the signal operates on guardband spectrum between existing radio signals in the band.[183]

b. Digital Audio Radio Service

Out-of-band and in-band DAB systems are both types of DABs that are delivered through terrestrial broadcast systems, being essentially the digital equivalent of traditional radio broadcasts. However, DABs, as well as customized programming, can also be delivered via satellite on a separate "satellite band" of frequencies.[184] This type of satellite-delivered

See New Lucent Technologies Venture will Create Digital Radio Broadcast Systems, at http://www.lucent.com/press/05980511.coa.html (May 11, 1998) [hereinafter *Technologies Venture*] .

179 Most industry commentators use the language "CD-quality" when describing the sound quality of DAB. *See, e.g.*, Bruce Haring, *Standards Static May Delay Advent of Digital Radio*, USA TODAY, June 17, 1997, at 3E, *at* 1997 WL 7005301; Geoff Nairn, *Digital Audio Broadcasting*, FINANCIAL TIMES, May 6, 1998, at 7, *available at* 1998 WL 3551973; Pollack, *supra* note 161; *but see Technologies Venture*, *supra* note 178 (describing the sound quality of its IBOC system as "near-CD" for FM and "interference-free FM" for AM); *see also generally supra* Section II.C.1 (discussing the difference between digital and analog).

180 *See* Haring, *supra* note 179; Valenti, *supra* note 145, at 280.

181 *See Lucent Digital Radio Announces Successful Over-the-Air Test of Digital Audio Broadcast System with 90.5 WBJB-FM, at* http://www.lucent.com/press/0699/9990602.coa.html (June 2, 1999).

182 *See* SPRINGER, *supra* note 175, at 107. In the U.S., the FCC allocates frequencies for private use. *See* Valenti, *supra* note 145, at 281.

183 *See* SPRINGER, *supra* note 175, at 107. In May, 1998, Lucent Technologies announced the formation of Lucent Digital Radio to develop IBOC DAB systems, expected to be commercially available in the U.S. sometime near the year 2000. *See Technologies Venture*, *supra* note 178.

184 *See* Janet Purdy Levaux, *Firm Wins License For Digital-Satellite Radio*, INVESTOR'S BUSINESS DAILY, April 3, 1997. In January, 1995, the FCC allocated S-band spectrum (2310-2360 MHz) for DARS. *See* Marcia L. De Sonne, *Inorbit Broadcasting: Radio's Growing Satellite Competition*, 19 SATELLITE

DAB, although technically very similar,[185] is commonly distinguished from terrestrial DAB and is referred to as DAR (Digital Audio Radio),[186] DARS (Digital Audio Radio Satellite or Service),[187] or SDARS (Satellite Digital Audio Radio Service).[188] For purposes of this paper, this type of DAB will hereinafter be referred to by its FCC designation, DARS (Digital Audio Radio Service).[189]

The ramifications of DARS are staggering, particularly for the radio industry. Instead of being limited to the localized range of analog (or even digital) terrestrial broadcasting, digital audio programming can be delivered via satellite to specialized receivers, including mobile receivers installed in automobiles, anywhere within a nationwide geographical area.[190] Two companies, CD Radio, Inc. and XM Satellite Radio, Inc., are currently licensed to provide DARS.[191] These companies will charge a

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COMMUNICATIONS, April 1, 1995, at 48. For a detailed discussion of the issues surrounding frequency allocation for DAB satellite systems, see Valenti, *supra* note 145, at 291.

185 *See generally* SPRINGER, *supra* note 175, at 133 (describing DARS technology).

186 *See* Haring, *supra* note 179.

187 *See id.* (using the designation Digital Audio Radio Satellite); De Sonne, *supra* note 182 (using the designation Digital Audio Radio Service).

188 *See* Rick Ducey, *Technological Threats to Radio*, *at* http://www.nab.org/Research/RIBriefs/Presentations/rab98/sld001.htm (February 6, 1998).

189 *See* De Sonne, *supra* note 184.

190 *See About CD Radio*, *at* http://www.cdradio.com/cdradio.html (last visited November 6, 1999); *How it Works*, *at* http://206.43.201.94/clients/xmradio/website/js/howitworks/howitworks.asp (last visited November 6, 1999). The satellite signal will be supplemented by terrestrial repeaters in crowded urban areas. *See id.* Although most of the broadcast industry sees DARS as a major threat to the local radio stations, see Valenti, *supra* note 145, at 288; *see also generally* De Sonne, *supra* note 184 (discussing the potential competition between broadcasters and DARS and the NAB's opposition to DARS), local stations can likely remain competitive, particularly if they also go digital, on the strength of their inherent advantages: localism, see Valenti, *supra* note 145, at 282-84 (discussing how the FCC considers localism, which is the concept that broadcasters should address the interests of the local communities, when making regulatory decisions), diversity, and free programming. *See* De Sonne, *supra* note 184. For a discussion of the effects of DAB on terrestrial broadcasting, see Valenti, *supra* note 145, at 288-99.

191 Licenses were granted by the FCC in October, 1997. *See About CD Radio*, *supra* note 190. XM Satellite Radio, Inc. was formerly known as American Mobile Radio Corporation. *See The Next Generation of Radio has a New Name*, *at* http://206.43.201.94/clients/xmradio/website/js/news/pressreleases.asp# (last visited February 6, 1999). Both companies will primarily target the huge U.S. automobile market (there are roughly 200 million registered motor vehicles in the U.S., growing at a rate of about two million vehicles per year, see Levaux, *supra* note 184). *See About CD Radio*, *supra* note 190; *What is XM*, *at* http://206.43.201.94/clients/xmradio/website/js/whatisxm/whatisxm.asp (last visited February 6, 1999). Signals will be delivered via

monthly fee for their services, analogous to the monthly subscription fees typically charged for "premium" movie channels.[192]

c. Digital Audio Cable

DAC services, including those already in place at the time, were another type of digital transmission that Congress was concerned with during its consideration of the DPRSRA.[193] DAC services were initially developed in order to provide businesses with high-quality, flexible music programming,[194] but currently serve private homes as well.[195] Unlike DARS, DAC services do not utilize the satellite band and therefore are not subject to FCC radio licensing. Eventually, two[196] major DAC services emerged: Digital Music Express (DMX)[197] and Music Choice.[198] DAC services offer a staggering variety of programming. DMX, for example, offers over 100

satellite to one of several types of specialized automobile receivers, including, for example, a small antenna attached to the vehicle, a processing unit, and a display/control screen. *See About CD Radio*, *supra* note 190. Both companies will offer up to 100 channels of commercial-free programming. *See id.*; *What is XM, supra*. CD Radio, for example, will offer fifty channels of music and fifty channels of all-news, all-sports, and all-talk programming. *See CD Radio Channel Listing*, *at* http://www.cdradio.com/listing.html (last visited November 6, 1999). Ford Motor Co. is planning to install CD Radio receivers in all of its car and truck brands in early 2001. *See Ford Motor Company and CD Radio Announce Alliance*, *at* http://www.corporate-ir.net/ireye/ir_site.zhtml?ticker=cdrd&script=410&layout=7&item_id=36433 (last visited November 6, 1999).

192 Both companies plan on charging a $9.95 subscription fee for their services. *See About CD Radio*, *supra* note 190; *What is XM, supra* note 191. The fact that subscription fees will be charged has important ramifications under the DPRSRA. *See generally infra* Sections IV and V.

193 *See Performers' and Performance Rights Hearings*, *supra* note 1, at 31 (statement of Nicholas Garnett, Director General and Chief Executive of the IFPI) (describing the "digital cable audio services" in operation at that time). DAC has also been referred to as Digital Audio Cable Radio (DACR). *See, e.g.,* Abrahamson, *supra* note 3, at 196; Bergman, *supra* note 3, at 361.

194 *See generally* Bruce Dingwall, *The Changing Technology of Music Delivery*, PROFESSIONAL SOUND, Feb. 1, 1997 (describing the historical development of DAC).

195 *See generally DMX*, *at* http://www.dmxmusic.com (last visited November 9, 1999); *Music Choice*, *at* http://www.musicchoice.com (last visited November 9, 1999).

196 Muzak could also be considered a major player in the DAC game, even though they only provide service to businesses.

197 DMX provides service to over 4.7 million homes and 65,000 businesses in the U.S. and four continents. *See DMX*, *supra* note 195.

198 Music Choice provides service via cable, satellite, or the Internet. *See Music Choice*, *supra* note 195.

channels of music, twenty-four hours a day, seven days a week, including Latin, African, Oldies, Blues, Alternative and beyond.[199] DMX has developed a programming system called MAP (Music Application Programming), which is geared to the "atmosphere" of certain demographics, images and tempos, such as "casual background" or "active foreground,"[200] randomly generated but checked by programmers for duplication and flow.[201]

In DAC systems, the programming is generally played on CD players, whose signals, remaining in the digital domain,[202] are uplinked to satellite and downlinked to local cable systems, regional telephone companies and direct satellite dish subscribers.[203] End users play back the programming through their stereo systems, which are connected to various types of DAC receivers.[204] For example, a cable subscriber's stereo system receives its signal from a set-top cable box receiver which is connected to his or her stereo system. Because DAC services are commercial-free, customers pay a subscription fee, either directly to the service or through their local cable company or direct satellite service (such as DirectTV).[205] Of course, there is no technological reason why cable operators could not offer music-on-demand, which would have important ramifications under the DPRSRA.[206]

d. The Internet

The Internet is a hotbed for digital audio transmissions that, in contrast to DAB and DAC, was not given in-depth contemplation by Congress during its consideration of the DPRSRA. The Internet is, to put it simply, an interconnection of computers that allows digital information to

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199 *See DMX*, *supra* note 195.

200 *See* Dingwall, *supra* note 194.

201 *See id.* It is important under the DPRSRA for DAC services to pay attention to programming in order to comply with the Sound Recording Performance Complement and thereby qualify for a compulsory license. *See generally infra* Section IV.B.2 (describing the compulsory license requirements for certain types of digital audio transmissions).

202 *See* Dingwall, *supra* note 194.

203 *See id.*

204 *See id.*

205 *See DMX*, *supra* note 195; *Music Choice*, *supra* note 195.

206 *See* U.S. COPYRIGHT OFFICE, *supra* note 156, at 12 ("Introduction of a pay-per-listen service in the future is possible, which will allow subscribers to call in their musical requests for transmission over their system."); *see also generally infra* Section IV.B.3 (describing the law concerning interactive transmissions).

be exchanged among these computers.[207] However, the potential ramifications of the Internet on commerce are significant, to say the least.[208]

Sales forecasters predict that consumer sales via the Internet will reach $24 billion by 2001, and 10% of all adults, or thirty-million people, will be buying online by 2002.[209] The Internet is expected to have a similar impact on music-related commerce. Online music sales may account for up to 8% of music industry sales by 2002, including between $35 million and $600 million in Internet distribution,[210] shooting up to as much as $3.7 billion in Internet distribution by 2007.[211]

There are two related yet distinct ways in which digital transmissions are currently accomplished via the Internet: streaming and downloading. Streaming allows audio to be delivered in real-time, that is to say, receiving entities can listen to the music as it is transmitted in the same way they would listen to the radio.[212] In fact, hundreds of radio stations simulcast their programming on the Internet through Web sites, a process known as "webcasting."[213] Streaming audio through a typical modem delivers AM-quality sound, but faster connections and more sophisticated compression

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207 *See* Vermut, *supra* note 151, at 279. For a detailed examination of the Internet, see *id.* at 279-96.

208 Statistics, like technology, are constantly changing. The statistics discussed in this section are reasonably up to date as of the writing of this article, but should be considered within the context of a constantly evolving state of market.

209 *See* Liquid Audio, Selling and Promoting Music on the Internet 6 (August 1998) (unpublished marketing brochure, available from Liquid Audio, 810 Winslow St., Redwood City, CA 94063, phone number (888) 547-8430).

210 Most major online music retailers typically sell music through Web sites which allow customers to search for and order their favorite CDs, which are then physically delivered to the customer. However, as described in this section, music can also be sold online via streaming or downloadable digital audio files.

211 *See* Rothenberg, *supra* note 5, at 128.

212 As opposed to downloading an entire audio file, streaming begins playback as soon as enough audio has arrived at the destination computer. *See* Dan Barrett, *Net Smarts*, KEYBOARD, Sept. 1998, at 110. The audio data is received over the Internet in chunks called "packets," which are typically stored temporarily ("buffered") in the cache memory of the receiving computer's RAM ("buffer"). The computer processes this data and feeds the resulting audio to the receiving entity's connected audio system in a constant "stream." As the data is processed out of the cache memory, it is constantly replaced with new incoming data. *See id.* at 116. If the incoming data overwhelms the buffer, causing an inconsistency in the outgoing data stream, the audio will be temporarily interrupted. *See id.* at 110.

213 *See* Rebecca Cantwell, *Net Radio Rocks: Boulder's GOGOGAGA Runs Ahead of the Curve with 'Music for Cubicles,'* ROCKY MOUNTAIN NEWS, Feb. 2, 1998, at B11. For example, listeners can tune in hundreds of stations from around the world at www.broadcast.com., a Web site owned by Yahoo

schemes can deliver higher quality sound.[214] To accommodate streaming, the receiving party must meet certain hardware requirements, such as a sound card, as well as certain specialized pieces of software.[215] These software requirements generally include some type of player, such as RealAudio Player or Liquid Audio Player, which are applications that decipher the incoming audio data, as well as various types of plug-ins, which among other things decompress the incoming data.[216] As far as the DPRSRA is concerned, it is important to note that for most types of streaming, no readily accessible copy of any particular phonorecord is made on the receiving entity's hard drive because the audio data is merely "streaming" through the computer on its way to the connected sound system.[217]

Downloading audio is just like downloading any type of file; the audio file is transmitted to the receiving party who can then play it back at a later time.[218] Playing back the file requires certain minimum hardware, such as a sound card, as well as certain software applications, such as a software program that can read the particular file type that was downloaded.[219] For example, a .WAV file is a type of audio file that can be read by common audio playback programs, such as Media Player. Once an audio file has been downloaded, the receiving entity can either play it back

(formerly owned by Audionet). *See id.* Affiliates give commercial time to Yahoo, which resells it to its own customers. *See id.*

214 *See* Cantwell, *supra* note 213; Dan Barrett, *Net Smarts*, KEYBOARD, Aug. 1998, at 116.

215 *See* Iconocast, *supra* note 7, at 18.

216 *See id.* Generally, the software used by the transmitting Web site is called "server" software, while the software used by the receiving computer is known as "client" software. *See* Barrett, *supra* note 214, at 110.

217 *See* Cantwell, *supra* note 213. As noted above, audio data is actually copied onto the receiving computer's cache RAM during streaming. *See supra* note 212. However, when audio is streamed via webcasting, this data is practically unusable because it is constantly being replaced by new incoming data, and even the data that does reside in the cache at any given time is generally not an accessible "file." On the other hand, non-continuous streaming is also common on the Internet, such as when a Web site allows potential customers to "preview" a song by listening to a portion of the song through streaming. In this case, it is certainly possible for all of the audio data to reside in the computer's RAM, since old data is not constantly being pushed out by new data. This data may or may not be accessible as a "file." For example, if the player application is still open, it may be possible to drag the streamed file out of the cache memory to the desktop and play it again via the player application.

218 *See* Iconocast, *supra* note 7, at 18.

219 *See id.*

via the computer's sound system or write (that is to say, copy) it to a recordable storage medium, such as CD-R.[220]

Generally speaking, downloading differs from streaming in several important respects. First of all, unlike streaming, the music typically cannot be heard in real time when downloading audio files.[221] Second, downloaded files tend to sound better than streamed files.[222] This is because of the large size of audio files[223] and narrow bandwidth of typical modem access.[224] In order to squeeze streamed audio through the narrow "pipeline" of a modem fast enough, it is usually heavily compressed (think of rolling a spitball to get it through a straw), which tends to reduce the sound quality.[225] Conversely, when an audio file is being downloaded, there is simply a size/time tradeoff: larger files take more time. Therefore, the file doesn't have to be compressed at all if the receiver doesn't mind waiting. Usually a trade-off is in order; some compression is generally more desirable than a prohibitively long download time.[226] The third main difference between streaming and downloading, and the most important one as far as the DPRSRA is concerned, is that downloading by definition

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220 *See supra* note 169 and accompanying text. Certain types of audio files can also be changed by the end user with appropriate software. A program called Sound Forge, for example, is used by music producers and allows .WAV files to be edited and processed to the extent that they are potentially unrecognizable. This raises potential moral rights issues which, although interesting, are beyond the scope of this article.

221 *See* Iconocast, *supra* note 7, at 18.

222 *See id.*

223 Typical (stereo, 16-bit, recorded at a 44.1KHz sampling rate) linear (no compression) audio files take up approximately 10.3 megabytes of memory per stereo minute of audio.

224 "Bandwidth," in its simplest terms, describes how quickly data moves from point A to point B over the Internet. When considering bandwidth, it is sometimes helpful to think of the Internet as a series of "pipes" that information travels "through." In this figurative sense, think of bandwidth as the "width" of the pipe at its "narrowest" point, since data can only move as fast as the slowest section of the Internet (typically the modem) will allow. Currently, typical modems can transfer data at a rate of fifty-six kilobytes per second. However, it is important to keep in mind that the 56K rate merely refers to the maximum throughput under optimum conditions, and does not describe how fast the data is actually moving through it. Due to various factors, such as packet collision, the actual transfer rate is typically closer to four kilobytes per second than fifty-six.

225 *See* Liquid Audio, *supra* note 209, at 8; *see also generally* note 147 (describing compression).

226 Although there are too many variables to accurately predict download time with any real consistency, a three-minute song, compressed eleven times, can take about thirteen minutes to download via a 28.8K modem, resulting in a "high-quality" audio file. *See id.*

places a permanent and usable copy of the file on the receiving entity's hard drive.[227]

Although streaming and downloading are generally thought of as different types of transmissions, there is no technical reason that a single transmission could not, and in fact in the near future almost certainly will, constitute both.[228] Furthermore, the defining characteristics of digital audio transmissions will likely become blurrier and eventually disappear as technology continues to advance. Internet access is becoming quicker, and compression algorithms are becoming more sophisticated and less noticeable.[229] It is reasonable to assume that sometime in the future, audio files of at least CD-quality will routinely be delivered, heard and stored simultaneously.

The products or services offered by a particular music-related Web site may involve either type or both types of digital transmissions in a variety of applications. A Web site selling music, for example, often uses streaming to allow potential customers to preview low-bandwidth clips of a song, which can then be downloaded for a fee. An interesting example of a multi-service company that operates via the Internet is Liquid Audio.[230] Liquid Audio provides "a complete end-to-end solution for secure music delivery over the Internet."[231] In other words, Liquid Audio supplies aspiring Internet music providers with the software tools needed to safely publish and distribute music via the Internet, as well as the software that allows end users to access this music. These tools include a mastering suite that allows music creators to prepare the music and publish it to the In-

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227 *See generally infra* Section IV.C (describing the law concerning digital phonorecord deliveries).

228 *See generally supra* note 217 (discussing the effect of streaming on a client computer). Of course, any usable copy of a streamed audio file would be a lower-fidelity copy, as is typical of streamed audio, until bandwidth is substantially wider.

229 For example, Integrated Services Digital Network (ISDN), at a maximum throughput of 128 Kbps, and Digital Subscriber Line Service (xDSL), at up to seven Mbps, are both options which operate via telephone lines; and Liquid Audio's Dolby Digital and AAC compression algorithms actually do deliver CD-quality audio despite high levels of compression. *See* Liquid Audio, *supra* note 209, at 8. Cable modems are another high-speed access option in some areas.

230 *Liquid Audio, at* http://www.liquidaudio.com (last visited November 13, 1999).

231 *See id.* Although clearly an industry leader, Liquid Audio is not the only company providing this type of technology. AT&T, for example, is testing a compression/encryption platform designed to "promote and deliver high quality music quickly and securely over the Internet." *See* Rebecca Cantwell, *Internet's Impact on Music Industry Growing: Huge Network Distribution Changes the Paradigm*, ROCKY MOUNTAIN NEWS, Feb. 2, 1998, at B11.

ternet in the form of a specialized audio file called a Liquid Track,[232] server software that allows webmasters to store and distribute their audio files, featuring a unique security system that can prevent copying and even track subsequent users of the file,[233] and an audio file player that allows end users to preview or purchase these audio files via the Internet.[234] Liquid Audio even provides an "operations center" that manages the licenses for the publishers, distributors and consumers within the system.[235]

III. LEGISLATIVE HISTORY

In an attempt to resolve the issues as outlined above,[236] Congress began to search for solutions through legislation. Congress' stated purposes of the DPRSRA, which were to protect sound recording copyright owners from loss of sales revenue, and to provide U.S. negotiators with international bargaining power, seemed like perfectly appropriate goals in light of these issues. Its desire to increase protection for sound recording copyright owners could be directly linked to the increasing political pressure for a performance right in sound recordings, along with the realities of the evolving sound recording-related technological landscape. Further, its desire to increase U.S. bargaining power at international copyright treaties was a natural response to the lack of global protection for U.S. sound recording authors.

However, these seemingly simple goals only hint at the complex array of influences that were affecting Congress during its drafting of the DPRSRA. In fact, as the following examination of the legislative history will

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232 *See Liquid Audio, supra* note 230. Liquifier Pro, as the mastering/publishing tool is called, includes sophisticated mastering tools such as EQ and dynamic processing. *See id.* Liquifier Pro also offers compression schemes of various audio quality levels, including a preview feature that allows the publisher to optimize the file for various connection speeds. Liquid Audio (1998) (unpublished sales brochure, available from Liquid Audio, 810 Winslow St., Redwood City, CA 94063, phone number (888) 547-8430).

233 *See Liquid Audio, supra* note 230. Liquid Music Server receives, stores and distributes the files encoded by Liquifier Pro. *See id.* Files in the Liquid Music Server are encrypted, which prevents unauthorized playback and copying, and "watermarked," which is a process by which inaudible tracking information is embedded into the files. *See id.*

234 Liquid Express Player is client software that allows end users to audition (via streaming) and download the audio files as either an uncompressed (linear) .WAV file or as a Liquid Track file. *See Liquid Audio, supra* note 230.

235 *See id.*

236 Specifically, the main issues, as outlined above, included the controversy surrounding a performance right in sound recordings, the disadvantage in global protection for U.S. authors, and the rapidly evolving state of sound recording-related technology which was threatening traditional sound recording distribution channels.

make clear, Congress was faced with the daunting prospect of forging a piece of legislation that would: 1) protect sound recording copyright owners from technology-driven loss of revenue and international discrimination; 2) avoid upsetting the time-honored economic interrelationships within the industry (by, for example, creating a full performance right); 3) avoid encroaching upon the existing rights of other copyright owners; 4) satisfy all of the various affected parties; and 5) remain philosophically consistent with various pieces of preexisting legislation. In order to achieve this seemingly impossible task, Congress spent five years gathering reports, examining existing laws, conducting hearings, overseeing negotiating sessions and considering several bills, all of which would eventually culminate in the DPRSRA.

A. Copyright Office Report of 1991

In 1990, Senator DeConcini, Chairman of the Senate Subcommittee on Patents, Copyrights, and Trademarks, requested a report on the copyright implications of digital audio broadcasts and cable services from the Copyright Office in response to the advent of digital technology.[237] In 1991, the Copyright Office issued the report [hereinafter *1991 Report*].[238] The 1991 Report was based on responses to a Notice of Intent published by the Copyright Office in the *Federal Register* inquiring as to various issues concerning digital audio transmissions, as well as "a wide range of informational sources, including but not limited to public comment, trade reports, legal treatises, and formal statistical studies."[239] The 162-page report (including over 600 pages of appendix) covered a variety of topics, including the development of digital technology,[240] the potential effects of digital audio transmissions and home taping on copyright owners,[241] alternate compensation systems for revenue lost through digital transmissions and home taping,[242] the state of protection for performance rights in sound recordings in foreign countries,[243] and the general issue of performance rights legislation.[244]

The report's dominant issue was the potential adverse consequences of home taping on copyright owners as conduced by digital audio.[245] How-

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237 *See* S. REP. NO. 104-128, at 11 (1995), *reprinted in* 1995 U.S.C.C.A.N. 358.

238 U.S. COPYRIGHT OFFICE, *supra* note 156.

239 *Id.* at i. Fifteen comments and twelve reply comments were received. *Id.*

240 *Id.* at 6-17.

241 *Id.* at 18-81.

242 *Id.* at 82-98.

243 *Id.* at 99-140.

244 *Id.* at 141-57.

245 *Id.* at 18 ("Over half of the questions posed by the Copyright Office in the Notice of Inquiry touched upon the ramifications of home taping in digital audio format."); *id.* at 3 ("In particular, the Office sought to determine the

ever, the Copyright Office made its views on a performance right for sound recordings perfectly clear: "Even if the widespread dissemination by satellite and digital means does not depress sales of records . . . [t]he Copyright Office recommends amendment of the 1976 Copyright Act to extend a public performance right to sound recordings . . . ."[246]

B. Related Legislation

1. Record Rental Amendment of 1984

In 1984, Congress passed the Record Rental Amendment of 1984 [hereinafter *RRA*],[247] which prohibits the unauthorized rental, lease or lending of any particular phonorecord for the purpose of direct or indirect commercial advantage.[248] In other words, once you buy (or otherwise obtain possession of) a phonorecord, you cannot rent, lease or lend it in exchange for anything which would benefit you commercially without authorization from both the owner of the sound recording and the owner of the musical work embodied in the phonorecord. This law makes it clear that unlike video cassettes, whose rental is authorized under the First Sale Doctrine,[249] sound recordings cannot be rented out even by legitimate owners. Such circumvention of the First Sale Doctrine demonstrates the power of the recording industry lobby in protecting their works.

2. Audio Home Recording Act of 1992

In 1992, Congress passed the Audio Home Recording Act of 1992 [hereinafter *AHRA*],[250] which requires manufacturers, importers or distributors of digital audio recording devices (for example, DAT recorders) and/or digital audio recording media (for example, DATs) to submit a per-

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likelihood of home taping from digital audio broadcasting and transmission services and the extent to which such taping would displace sales for prerecorded works and harm copyright owners."). This concern was quickly addressed by the Audio Home Recording Act of 1992, Pub. L. No. 102-563, 106 Stat. 4237 (codified as amended at 17 U.S.C. § 1001-1010 (1994)) [hereinafter *AHRA*]; *see also generally infra* Section III.B.2 (briefly discussing the AHRA).

246 *Id.* at 156-57.

247 Pub. L. No. 98-450, 99 Stat. 1727 (1984) (codified as amended at 17 U.S.C. § 109, 115 (1994)).

248 *Id.* § 2 (codified as amended at 17 U.S.C. § 109 (1994)).

249 17 U.S.C. § 109(a) (1994) ("[T]he owner of a particular copy or phonorecord lawfully made under this title, or any person authorized by such owner, is entitled, without the authority of the copyright owner, to sell or otherwise dispose of the possession of that copy or phonorecord.").

250 Pub. L. No. 102-563, 106 Stat. 4237 (1992) (codified as amended at 17 U.S.C. §§ 1001-1010 (1994)).

centage of their sales on these goods to a royalty payment fund.[251] This fund is subsequently distributed to owners of sound recording copyright owners, featured performers, and musical work copyright owners.[252] The AHRA further prohibits the manufacture, importation or distribution of commercial digital audio recording devices and/or interfaces[253] that do not conform to the SCMS (Serial Copy Management System) or some similar type of copy protection system.[254] In exchange for complying with these restrictions, the AHRA exempts these manufacturers, importers or distributors from contributory infringement actions.[255]

The purpose of the AHRA was to "create the necessary legal environment for DAT technology to be introduced into the commercial marketplace of the United States" by attempting through the SCMS to prevent perpetual copying in the digital domain and compensating copyright owners for the permissible initial copies through the compulsory royalty levy.[256] In other words, the AHRA specifically addresses the issue of home recording via DAT (or other digital audio recording devices). However, the AHRA does not directly address the problem of the initial delivery of the phonorecord via digital transmission, and thus the AHRA and the DPRSRA address related but different sets of issues. If a phonorecord delivered via digital transmission were subsequently copied on a qualifying digital audio recording device, thus implicating the DPRSRA, the AHRA would then also be implicated, but only as to the device itself. Furthermore, unless a computer could be considered a "digital audio recording

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[251] *Id.* § 2 (codified as amended at 17 U.S.C. § 1003 (1994)).

[252] *Id.* § 2 (codified as amended at 17 U.S.C. § 1006 (1994)).

[253] Under the AHRA, a "digital audio recording device" is "any machine or device of a type commonly distributed to individuals for use by individuals, whether or not included with or as part of some other machine or device, the digital recording function of which is designed or marketed for the primary purpose of, and that is capable of, making a digital audio copied recording for private use . . . ." *Id.* § 2 (codified as amended at 17 U.S.C. § 1001 (1994)). Professional recorders and spoken word recorders (*e.g.*, answering machines) are exempted. *Id.* A "digital audio interface device" is "any machine or device that is designed specifically to communicate digital audio information and related interface data to a digital audio recording device through a nonprofessional interface." *Id.*

[254] *Id.* § 2 (codified as amended at 17 U.S.C. § 1002 (1994)). The SCMS is an encoding system by which a copy protect code is embedded into the first-generation digital copy during the copying process. This code prevents subsequent-generation digital copies ("serial" copies) of this first copy from being made.

[255] *Id.* § 2 (codified as amended at 17 U.S.C. § 1008 (1994)).

[256] H.R. REP. NO. 102-873(II), at 2 (1992), *reprinted in* 1992 U.S.C.C.A.N. 3601.

device,"[257] digital audio files which are delivered via the Internet would not likely come under the DPRSRA's purview.

It should be noted that it is a widely accepted assumption that the effect of the AHRA fees on DATs and DAT recorders is at least partially responsible for the utter failure of DAT as a consumer product.[258] Thus, somewhat ironically, the AHRA helped kill the very technology it was designed to foster. Furthermore, as recent case law[259] makes clear, the AHRA has been proven to be ineffective against technologies other than DAT. It can be reasonably assumed that Congress was aware of these drawbacks to "technology and tax"-type legislation during its consideration of how to effectively protect digital audio transmissions.

C. *Performers' and Performance Rights Hearings*

During the first session of the 103d Congress, on March 25, 1993, the House held an Oversight Hearing before the Subcommittee on Intellectual Property and Judicial Administration of the House Judiciary Committee.[260] Subcommittee Chairman Hughes, in his opening statement, set forth the two main goals of the hearings: 1) to help shape U.S. policy concerning the pending WIPO (World Intellectual Property Organization) ini-

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257 It is not likely that a computer's "primary purpose" could be described as "making a digital audio copied recording." In fact, the Court of Appeals for the Ninth Circuit recently held that "under the plain meaning of the [AHRA]'s definition of digital audio recording devices, computers (and their hard drives) are not digital audio recording devices because their "primary purpose" is not to make digital audio copied recordings." Recording Indus. Assoc. of Am. v. Diamond Multimedia Sys., Inc., 180 F.3d 1072, 1078 (9th Cir. 1999). Furthermore, it is not likely that a modem or other device used to transmit digital audio files would be considered a "digital audio interface device" because it is not "designed specifically to communicate digital audio information." Audio Home Recording Act § 2 (codified as amended at 17 U.S.C. § 1001 (1994)). However, it could certainly be argued that digital audio recording software *as combined with* a computer could be considered a "device . . . whether or not included with or as part of some other machine or device, the digital recording function of which is designed or marketed for the primary purpose of, and that is capable of, making a digital audio copied recording for private use . . . ." *Id.* Although certainly interesting, a detailed analysis of this issue is beyond the scope of this article.

258 DAT continues to thrive, however, as a professional product, used mainly by recording engineers as a storage medium for master recordings. *See generally supra* note 150 (discussing master recordings as part of the recording process).

259 *Diamond Multimedia*, 180 F.3d 1072 (holding that the AHRA does not apply to computer hard drives or handheld audio file players like Rio).

260 *Performers' and Performance Rights Hearings*, *supra* note 1.

tiatives regarding protection of performance rights in sound recordings;[261] and 2) examine the impact of technological changes on the issue of a performance right in sound recordings.[262] During this hearing, various interested parties stepped up to support some type of performance right in sound recordings, including the Copyright Office,[263] the RIAA,[264] the IFPI,[265] the AFM,[266] and the AFTRA.[267] The arguments of these supporters, largely based on their contention that changing circumstances demanded a re-examination of the sound recording performance right issue, can be synthesized as follows: 1) sound recording copyright owners should enjoy the same rights that owners of other types of works enjoy;[268] 2) performers (that is to say, musicians and vocalists working on sound recordings) make important creative contributions to sound recordings and therefore should be compensated,[269] particularly in light of the technological displacement of working, non-"star" performers;[270] 3) digital audio transmission technologies were threatening to replace record stores, thereby depriving sound recording copyright owners of their primary source of income,[271] and 4) the international copyright community in gen-

261 *Id.* at 2.

262 *Id.* at 3.

263 *Id.*

264 *Id.* at 39.

265 *Id.* at 25.

266 *Id.* at 54.

267 *Id.* at 58.

268 *Id.* at 44 (statement of Jason S. Berman, President of the RIAA); *id.* at 58 (statement of Bruce A. York, National Executive Director of AFTRA, AFL-CIO).

269 *Id.* at 5, 17 (statement of Ralph Oman, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress); *id.* at 44-45 (statement of Jason S. Berman, President of the RIAA); *id.* at 54-58 (statement of Mark Tully Massagli, President of the AFM, AFL-CIO).

270 *Id.* at 55-57 (statement of Mark Tully Massagli, President of the AFM, AFL-CIO). According to the AFTRA, such protection for performers and vocalists was necessary because of the unequal bargaining power enjoyed by the record companies hiring these performers. *Id.* at 64. (statement of Bruce A. York, National Executive Director of AFTRA, AFL-CIO).

271 *Id.* at 4, 9 (statement of Ralph Oman, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress); *id.* at 28-30 (statement of Nicholas Garnett, Director General and Chief Executive of the IFPI); *id.* at 40, 45 (statement of Jason S. Berman, President of the RIAA). The Copyright Office, foreseeing that a compromise might be the only way to solve the issues at hand, stated that if a full performance right was not feasible, then Congress "should consider treating digital transmissions differently and create a transmission right . . .," *id.* at 4, 9, or broaden the definition of sound recordings to include not only sounds that have been fixed, but also "digital representations thereof," *id.* at 10. In a similar vein, the IFPI suggested a "digital diffusion right," *id.* at 34, 37 and also discussed

eral supports enhanced rights for sound recording copyright owners, and reciprocation policies of foreign countries prevent U.S. sound recording owners from collecting royalties for international use of their works, thereby creating an unfavorable trade balance.[272]

However, the NMPA and NAB opposed any new right that would adversely affect them. The NMPA, representing owners of musical works copyrights, were in a unique position. Already compensated for broadcast performances through a public performance right, these owners were in favor of legislation protecting against lost sales of phonorecords, but were leery of a system that accomplished this through any new type of performance right.[273] Instead, they favored the recognition of "electronic delivery for reproduction" as a form of distribution under current law, which would provide both musical work and sound recording copyright owners with compensation for digital transmissions that displace phonograph sales.[274] However, they were adamant that such a distribution right be privately negotiable between the musical work copyright owners and the delivery services, and independent of any agreement between the sound recording copyright owners and the delivery services.[275] In other words, they were eager to avoid any kind of "hierarchy of interests" that would provide sound recording copyright owners with exclusive distribution rights while leaving musical work copyright owners subject to a more limited compulsory license.[276]

The NAB, using many of the same arguments that had been successful in previous hearings, argued that circumstances had not changed to the extent that any alteration in the time-honored economic balance between

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"secondary uses of performance rights," *id.* at 35-36, and how the line between performance and distribution was becoming blurred. *Id.* at 26, 66. Considering the compromising tone of these statements against the historical backdrop of the unsuccessful struggle to secure a full performance right in sound recordings, it is possible that proponents of such a performance right saw securing a limited performance right as a "foot in the door" toward their ultimate goal.

272 *Id.* at 5, 9 (statement of Ralph Oman, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress); *id.* at 27 (statement of Nicholas Garnett, Director General and Chief Executive of the IFPI); *id.* at 40-43, 46 (statement of Jason S. Berman, President of the RIAA); *id.* at 62-63 (statement of Bruce A. York, National Executive Director of AFTRA, AFL-CIO).

273 *See generally id.* at 66-69 (statement of Edward P. Murphy, President and CEO of the NMPA).

274 *Id.* at 67.

275 *Id.* at 68.

276 *Performers' and Performance Rights Hearings, supra* note 1, at 69 (statement of Edward P. Murphy, President and CEO of the NMPA).

broadcasters and record companies would be beneficial.[277] Its arguments can be synthesized as follows: 1) a performance right is simply a redistribution of money from broadcasters to record companies, very little of which would actually reach performers;[278] 2) broadcasters already perform an invaluable service for record companies through free promotion;[279] 3) the record industry continues to be successful without broadcaster money, while small-to-medium broadcast stations often fail, which costs communities a valuable local asset;[280] and 4) a domestic performance right will not result in foreign revenues because foreign countries will simply find other ways to deny payment to U.S. authors.[281]

At the end of these hearings, perhaps recognizing the difficulties Congress would have in developing a piece of technology-driven legislation that would satisfy all interested parties, Congressman Coble predicted how the DPRSRA would eventually be drafted: "[I]t would sure be nice if you all could go into a back room and come up with some sort of a solution with which all of you could live."[282]

D. H.R. 2576/S. 1421

During the second session of the 103d Congress, on July 1, 1993, Representative Hughes introduced H.R. 2576,[283] granting owners of sound recording copyrights a digital performance right.[284] On August 6, 1993, Senators Hatch and Feinstein introduced a companion bill, S. 1421.[285] These bills, clearly influenced by the recommendations of the Copyright Office, were essentially broad-stroke predecessors of the DPRSRA,[286] allowing sound recording copyright owners to control digital transmissions of their music through "an exclusive right to perform sound recordings publicly by means of digital audio transmissions."[287] It is clear that Congress expected these bills to serve as a jumping-off point for the interested parties, encouraging them to work together to further refine the legisla-

277 *Id.* at 71 (statement of Edward O. Fritts, President and CEO of the NAB).
278 *Id.* at 73, 76.
279 *Id.* at 74.
280 *Id.* at 72-73, 75.
281 *Id.* at 72, 77.
282 *Id.* at 96.
283 H.R. 2576, 103d Cong. (1993).
284 *Id.; see also* 139 CONG. REC. E1,731 (daily ed. July 1, 1995).
285 S. 1421, 103d Cong. (1993).
286 *See generally infra* Section IV (discussing the DPRSRA).
287 139 CONG. REC. S10,898 (daily ed. Aug. 6, 1993). S. 1421 was identical to H.R. 2576 except that it added a new section designed to protect existing broadcast and songwriter/publisher rights by exempting analog broadcasting and stating that musical work royalty rates should not be affected by payments to sound recording copyright owners. *Id.* at S10,900.

tion.[288] Although no formal hearings were held, Chairman Hughes hosted a series of roundtable discussions among the various interested parties aimed at forging a consensus compromise upon which legislation could be built.[289]

E. Compromise Agreement

As a result of the roundtable discussions, an agreement was reached on May 11, 1994 [hereinafter *Compromise Agreement*] and endorsed by most of the interested parties, with the notable exception of the NAB,[290] which evidently would not endorse any agreement that did not exempt broadcasters.[291] This agreement was narrower in scope than either S. 1421 or H.R. 2576, generally focusing on a compensation system for performances of sound recordings distributed commercially by audio subscription services.[292] Following this agreement, on June 28, 1994, Chairman Hughes circulated draft amendments to H.R. 2576, which proposed a digital performance right in sound recordings with an exemption for broadcasters.[293] However, this substitute bill was somewhat different from the original Compromise Agreement (note the broadcast exemption), and consequently the parties to that agreement refused to support it.[294] In addition

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288 *See id.* at S10,900 ("[T]his legislation is not cast in stone. It is our express intention in introducing it to encourage all of the industries and individuals who will help shape our digital entertainment future to come forward, sit down together and — using this legislation as a base — remedy the imbalance in current law that this bill narrowly seeks to correct."); *see also* 139 CONG. REC. E1,731 (daily ed. July 1, 1995) ("[We] recognize that the bill as introduced will undergo some change as it works its way through the legislative process.").

289 *See* S. REP. NO. 104-128, at 12 (1995), *reprinted in* 1995 U.S.C.C.A.N. 359.

290 *See S. 227 Hearings*, *supra* note 69, at 36 (statement of Marybeth Peters, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress).

291 *See Hearings on H.R. 1506 Before the Subcomm. on Intellectual Property and Judicial Admin. of the House Comm. on the Judiciary*, 104th Cong. at 1 (1995) [hereinafter *H.R. 1506 Hearings*] (statement of Carlos J. Moorehead, Chairman of the Subcomm. on Intellectual Property and Judicial Admin.) ("We could not come to an agreement on the exemption of radio broadcasters.").

292 *See H.R. 1506 Hearings, supra* note 291, at 169 (statement of Marybeth Peters, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress). A "subscription service" is essentially a service that charges consideration for audio transmissions. *See generally infra* note 358 (defining "nonsubscription" and "subscription.").

293 *See H.R. 1506 Hearings, supra* note 291, at 170. (statement of Marybeth Peters, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress).

294 *Id.* at 168 ("[The] parties felt their compromise had collapsed.").

to the eroding support of the interested parties for the substitute bill, there were questions raised due to the issuance of the Green Paper,[295] which recommended that transmissions of phonorecords be considered distributions, rather than performances.[296] The lack of any meaningful consensus among involved parties effectively ended any hope of passing legislation during the 103d Congress.[297]

F. Green Paper

The Green Paper is a report containing the preliminary proposals of the Working Group on Intellectual Property Rights, which was established as part of the Information Policy Committee.[298] The Information Policy Committee was one of the three committees that form the Information Infrastructure Task Force [hereinafter *Task Force*].[299] The Task Force was formed in 1993 by President Clinton to examine the impact on intellectual property of the National Information Infrastructure, which is essentially a proposed information network capable of quickly and economically delivering information anywhere in the country.[300]

The Green Paper intended to clear up the confusion surrounding the application of copyright law to digital transmissions, which was apparent in *Playboy Enters., Inc. v. Frena* and *Sega Enters., Ltd. v. Maphia*.[301] In

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295 Working Group on Intellectual Property Rights, Information Infrastructure Task Force, *Intellectual Property and the National Information Infrastructure, at* http://palimpsest.stanford.edu/bytopic/intprop/ipwg/index.html (July 1994); *see also generally infra* Section III.F (discussing the Working Group's relevant recommendations). This preliminary draft of the Working Group's recommendations was known as the "Green Paper." The completed version of the report would be known as the "White Paper."

296 Working Group on Intellectual Property Rights, Information Infrastructure Task Force, *supra* note 295, at § IV.A.1; *see also H.R. 1506 Hearings, supra* note 291, at 171. (statement of Marybeth Peters, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress) ("Others were concerned about the issuance of the Green Paper which called for a public performance right for sound recordings but raised again the question of whether all digital transmissions were public performances.").

297 *See S. 227 Hearings, supra* note 69, at 37 (statement of Marybeth Peters, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress).

298 Working Group on Intellectual Property Rights, Information Infrastructure Task Force, *supra* note 295; *see also* Timothy F. Bliss, *Computer Bulletin Boards and the Green Paper*, 2 J. INTELL. PROP. L. 537, 539 (1995). The Working Group would eventually release more specific proposals in its White Paper. However, the release of the White Paper would come too late to influence the deliberations of the DPRSRA.

299 *See* Bliss, *supra* note 298, at 539.

300 *See id.* at 539 n. 10.

301 *See id.* at 547.

Playboy, the defendant operated a BBS upon which the plaintiff's copyrighted pictures had been posted.[302] The court found that by "[supplying] a product containing unauthorized copies of a copyrighted work," the defendant had violated the plaintiff's distribution rights.[303] The decision indicated that, at least under some circumstances, a transmission constitutes a distribution. *Sega* also involved an action against a BBS operator whose service was used to post copyrighted material, in that case video games.[304] However, although the court found that the plaintiff had established prima facie infringement, it did not specifically find that the plaintiff's distribution rights had been violated.[305] The Green Paper advocated the *Playboy* court's approach, recommending that §106(3) of the 1976 Act be amended to include "transmission" as a distribution right,[306] rather than considering transmissions to be performances. This approach, to a certain extent, was eventually adopted by the DPRSRA.[307]

G. S. 227/H.R. 1506

During the 104th Congress, Congress continued its struggle to come up with an adequate compromise piece of legislation. On January 13, 1995, Senators Hatch and Feinstein introduced S. 227,[308] which, like its predecessor S. 1421, created a performance right for digital transmissions of sound recordings.[309] However, S. 227 was much more limited in scope, applying a compulsory license to subscription transmissions and completely exempting broadcasters.[310] Although S. 227 was not identical to the Compromise Agreement, it did reflect some of the points contained in that agreement,[311] and was consequently supported by the recording in-

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302 Playboy Enters., Inc. v. Frena, 839 F. Supp. 1552, 1554 (M.D. Fla. 1993).

303 *Id.* at 1556.

304 Sega Enters., Ltd. v. Maphia, 857 F. Supp. 697, 683 (N.D. Cal. 1994).

305 *Id.* at 686.

306 Working Group on Intellectual Property Rights, Information Infrastructure Task Force, *supra* note 295, at § IV.A.1.

307 *See generally infra* Section IV.C (describing the law concerning digital phonorecord deliveries).

308 S. 227, 104th Cong. (1995).

309 *Id.*; *see also S. 227 Hearings*, *supra* note 69, at 37 (statement of Marybeth Peters, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress).

310 *Id.*; *see also H.R. 1506 Hearings, supra* note 291, at 171. (statement of Marybeth Peters, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress).

311 *Id.*; *but see id.* at 2 (statement of Carlos J. Moorehead, Chairman of the Subcomm. on Intellectual Property and Judicial Admin.) ("[S.227] pretty much disregarded the compromise of May 11, 1994 and took the side of the record industry.").

dustry[312] and the performer's unions.[313] However, even though the sponsoring Senators apparently felt they had adequately addressed the broadcast/music publisher lobby,[314] several parties continued to oppose the bill. The Copyright Office expressed concerns that the bill was too narrow to effectively protect the interests of sound recording copyright owners[315] or achieve international goals,[316] and certain other parties objected to the bill because they felt it unfairly targeted them.[317] Thus, it appeared that S. 227 as introduced was actually a step backward from the Compromise Agreement in terms of garnering industry support, and

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312 *See H.R. 1506 Hearings, supra* note 291, at 2 (statement of Carlos J. Moorehead, Chairman of the Subcomm. on Intellectual Property and Judicial Admin.) ("the record industry . . . strongly supports S. 227"). The RIAA, after restating its heretofore unsuccessful litany of arguments, stated their support for the bill: "This legislation has been carefully drafted . . . to address . . . the absence of a PR for SRs . . . [i]t is by design a compromise bill . . . ." *S. 227 Hearings, supra* note 69, at 8 (statement of Jason S. Berman, President of the RIAA).

313 The AFM and AFTRA again emphasized the importance of the performers' contributions to sound recordings, and strongly supported the bill despite their preference for a full performance right "because it recognizes [these contributions] and . . . provides some assurances to artists that they will be compensated for the digital delivery of their performances." *S. 227 Hearings, supra* note 69, at 15 (statement of Mark Tully Massagli, President of the AFM, AFL-CIO).

314 The broadcast exemption was certainly a major concession to the NAB, but Senator Hatch did not seem entirely clear as to whether the bill adequately protected other interests. Upon the introduction of the bill, Senator Hatch stated, "I believe these major limitations [on the proposed digital transmissions right] will limit as much as possible the dislocations and alterations of prevailing contractual arrangements in the music and broadcasting industries," but further stated "we are open to the consideration of additional means of ensuring that this bill does not have unintended consequences for other copyright owners, be they songwriters, music publishers, broadcasters or others." 141 CONG. REC. S948 (daily ed. Jan. 13, 1995).

315 *See S. 227 Hearings, supra* note 69, at 34 (statement of Marybeth Peters, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress).

316 *See id.*

317 *See, e.g., id.* at 58-62 (statement of Steve Randall, owner of Mountain West Audio, Inc., a Muzak affiliate) (arguing that the Muzak service, like broadcasting, promotes rather than displaces record sales, and consequently, like broadcasters, should be exempt); *id.* at 51-58 (statement of Jerold H. Rubenstein, Chairman and CEO of International Cablecasting Technologies, Inc., the company that programs, markets and distributes DMX) (arguing that their service in particular is unfairly targeted because 1) they directly compete with broadcasters, who are exempt, and 2) the vertical integration of their primary DAC competitor and three of the world's largest record companies engenders unfair licensing practices).

clearly Congress had thus far failed to draft a bill that would be ubiquitously acceptable.

On April 7, 1995, Representatives Moorehead, Hyde, Conyers and Gekas introduced a somewhat differently worded bill, H.R. 1506,[318] which more closely resembled the Compromise Agreement.[319] In other words, H.R. 1506 was not merely a companion bill to S. 227, but a new piece of legislation designed to more closely adhere to the Compromise Agreement. H.R. 1506 departed from S. 227 in that "where songwriters, music publishers and record companies differ, H.R. 1506 uses the May 11, 1994 compromise language as a way to settle their differences."[320] At the urging of the legislators,[321] most of the remaining differences between the various interested parties were ironed out during the subsequent hearings.[322]

On June 29, 1995, the day after the hearings had concluded, another compromise agreement was reached, and the Senate Judiciary Committee gave unanimous approval to an amended version of S. 227 in the form of a substitute bill that incorporated the new compromise agreement.[323] On July 27, 1995, the House Subcommittee on Courts and Intellectual Property met and incorporated the compromise into H.R. 1506.[324] On August 8, 1995, the Senate unanimously passed S. 227.[325] On September 12, 1995, the House Judiciary Committee unanimously passed H.R. 1506,[326] and on

318 H.R. 1506, 104th Cong. (1995).

319 *Id.*; *see also* H.R. REP. NO. 104-274, at 11, 12 (1995). In fact, the Copyright Office Register described H.R. 1506 as the Compromise Agreement's "day in Congress." *H.R. 1506 Hearings, supra* note 291, at 173 (statement of Marybeth Peters, Register of Copyrights and Associate Librarian for Copyright Services, Library of Congress).

320 *H.R. 1506 Hearings, supra* note 291, at 2 (statement of Carlos J. Moorehead, Chairman of the Subcomm. on Intellectual Property and Judicial Admin.).

321 *See id.* at 2 (statement of Carlos J. Moorehead, Chairman of the Subcomm. on Intellectual Property and Judicial Admin.) ("This legislation is important, but I am afraid it's not going anywhere unless the parties settle their differences.").

322 *See id.* (statement of Carlos J. Moorehead, Chairman of the Subcomm. on Intellectual Property and Judicial Admin.) ("[A]fter many weeks of meetings between the parties . . . the last remaining issues have been worked out").

323 *See* H.R. REP. NO. 104-274, at 12 (1995).

324 *See id.*

325 *See* 141 CONG. REC. S11,963 (daily ed. Aug. 8, 1995). The bill as passed was actually another substitute which contained some technical corrections and changes to the bill as approved by the Judiciary Committee on June 29, 1995. *See id.* at S11,949.

326 *See* H.R. REP. NO. 104-274, at 12 (1995).

October 17, 1995, the House considered H.R. 1506,[327] considered and passed S. 227,[328] and tabled H.R. 1506.[329]

H. Summary of Congressional Intent

As stated at the beginning of this section, Congress intended to balance several competing interests when formulating the DPRSRA. However, based on the DPRSRA's legislative history, Congressional intent can be synthesized into a fairly simple goal: to protect sound recording copyright owners from technology-driven sales displacement loss while encroaching as little as possible on previously existing rights, industry infrastructures, and statutory philosophies.

IV. STATUTORY ANALYSIS

The DPRSRA, as the product of five years of hearings and negotiations, is not surprisingly an extremely complex piece of compromise legislation. Its complexity can be attributed at least in part to the difficulty the drafters faced in addressing the paradox of narrowly protecting sound recording copyright owners from losses caused by sales displacement, while broadly anticipating future technology. The statutory analysis section of this Article is essentially a section-by-section interpretation and analysis of the DPRSRA (as amended).[330] Of course, final interpretations of the DPRSRA can only be rendered by the courts. Furthermore, it is reasonable to assume that even the interested parties that essentially drafted the DPRSRA went home with their own interpretations of certain sections, which may or may not be the same as their co-drafters. For practical purposes, each party could operate under their own interpretations without any problem, unless one of these interpretations was challenged in court. The purpose of the statutory analysis section, therefore, is to explain those sections that are reasonably clear through plain language and research, and to provide reasonable interpretations for those sections that are less clear. In this author's opinion, it is important when interpreting the DPRSRA to consider the primary goal of the DPRSRA, which is to compensate sound recording copyright owners for technology-driven sales displacement.

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327 *See* 141 CONG. REC. H10,098 (daily ed. Oct. 17, 1995).

328 *See id.* at H10,104.

329 *See id.* at H10,108.

330 As noted *supra* note 2, some of the DPRSRA's amendments to Title 17 were further amended in 1998 by the DMCA. The sections of the DPRSRA that were superceded by the DMCA will not be analyzed; rather their updated DMCA counterparts will be analyzed in their place and noted as such.

A. Introduction

Section 1 of the DPRSRA, "Short Title," simply states the title of the DPRSRA: "Digital Performance Right in Sound Recordings Act of 1995."[331] Section 2 of the DPRSRA, "Exclusive Rights in Copyrighted Works," amends §106 of title 17 "in the case of sound recordings" by adding an exclusive right "to perform the copyrighted work publicly by means of a digital audio transmission."[332] In other words, § 2 gives owners of copyrights in sound recordings a new exclusive right to perform their works publicly via digital audio transmissions, subject to certain conditions and exceptions. Therefore, the general rule is that transmitters of digital audio transmissions that constitute public performances are required to obtain voluntary licenses from the owners of the sound recordings being transmitted, along with any licenses that may be required to fulfill obligations to the owners of any musical works being transmitted.

The plain language of § 2 of the DPRSRA as quoted above shows several limitations on the newly created public performance right: 1) it only applies to "transmissions"; there is no new right for performances not transmitted, such as live performances or playing CDs in restaurants, concert halls or hotels;[333] 2) it only applies to "digital" transmissions; there is no new right for analog transmissions like AM/FM radio;[334] 3) it only applies to digital transmissions of sound recordings (in other words, digital audio transmissions); there is no new right for digital transmissions of, for example, audiovisual works;[335] and 4) it only applies to digital audio trans-

331 Pub. L. No. 104-39, § 1, 109 Stat. 336 (1995).

332 *Id.* § 2(3) (codified as amended at 17 U.S.C. § 106(6) (Supp. IV 1998)). The DPRSRA defines "digital audio transmission" as "a digital transmission as defined in §101, that embodies the transmission of a sound recording." *Id.* § 3(4), 109 Stat. at 343 (codified as amended at 17 U.S.C. § 114(j)(5) (Supp. IV 1998)). A "digital transmission" is defined as "a transmission in whole or in part in a digital or other non-analog format." 17 U.S.C. § 101 (1994). For more information on digital audio, see generally *supra* Section II.C. To "transmit" a work means "to communicate it by any device or process by which images or sounds are received beyond the place from which they are sent." 17 U.S.C. § 101 (1994).

333 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 2(3), 109 Stat. 336 (codified as amended at 17 U.S.C. § 106(6) (Supp. IV 1998)); *see also generally supra* note 332 (defining "transmit").

334 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 2(3), 109 Stat. 336 (codified as amended at 17 U.S.C. § 106(6) (Supp. IV 1998)); *see also generally supra* note 332 (defining "digital transmission.").

335 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 2(3), 109 Stat. 336 (codified as amended at 17 U.S.C. § 106(6) (Supp. IV 1998)); *see also generally supra* note 332 (defining "digital audio transmission."); *supra* Section II.A.1.b (defining "sound recording").

missions that are "publicly performed"; it would not apply, for example, to an audio file transmitted to a friend.[336]

Because the DPRSRA uses the terms "transmissions" and "retransmissions" extensively, an understanding of their meanings within the context of the DPRSRA is helpful in the process of interpreting the DPRSRA. The DPRSRA defines a "retransmission" as "a further transmission of an initial transmission," and includes "any further transmission of the same transmission."[337] In other words, any and all additional transmissions of an initial transmission qualify as retransmissions.[338] For example, if a radio station transmits its signal to a satellite, this is the "initial" transmission. "Retransmissions" of this transmission include the first retransmission of the signal (for example, from the satellite to a cable system), as well as any further retransmissions (for example, delayed retransmissions by the cable system) or simultaneous retransmissions (for example, immediate retransmissions by the cable system).[339] "Simultaneous" retransmissions refer to retransmissions that are essentially simultaneous; retransmissions that are slightly delayed due to technological factors are still considered simultaneous retransmissions.[340] In short, exemptions for retransmissions within the DPRSRA are generally intended to function on a "through to the listener" basis, allowing programming to reach the intended audience without imposing multiple liabilities on the transmitting entity.[341]

The DPRSRA goes on to add that "[e]xcept as provided for in this section, a transmission qualifies as a 'retransmission' only if it is simultaneous with the initial transmission."[342] This language indicates that a "transmission" can be considered a "retransmission" only if it is simultaneous with another transmission, and otherwise cannot be exempt under a retransmission exemption. Finally, the Digital Millennium Copyright Act [hereinafter *DMCA*] states that "[a] 'transmission' is *either* an initial trans-

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336 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 2(3), 109 Stat. 336 (codified as amended at 17 U.S.C. § 106(6) (Supp. IV 1998)); *see also generally supra* note 45 (defining "public performance").

337 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(4), 109 Stat. 336, 344 (codified as amended at 17 U.S.C. § 114(j)(12) (Supp. IV 1998)).

338 *See* S. REP. No. 104-128, at 34 (1995), *reprinted in* 1995 U.S.C.C.A.N. 381.

339 *See id.*

340 *See id.*

341 *See id.*

342 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(4), 109 Stat. 336, 344 (codified as amended at 17 U.S.C. § 114(j)(12) (Supp. IV 1998)).

mission *or* a retransmission."[343] Therefore, it seems fairly clear that transmissions are divided into two separate and distinct types: 1) initial transmissions (transmissions); and 2) any further *or* simultaneous transmissions (retransmissions). Indeed, the DPRSRA, as seen below, clearly distinguishes between these two types of transmissions.

B. Scope of the DPRSRA

Section 3 of the DPRSRA, "Scope of Exclusive Rights in Sound Recordings," lays out the scope of the new exclusive right by amending §114(a) of title 17 to add a reference to the new section 106 digital performance right,[344] amending §114(b) to reflect the fact that sound recordings can be reproduced in copies of any kind,[345] replacing §114(d) with a new §(d),[346] and adding new §§114(e),[347] 114(f),[348] 114(g),[349] 114(h),[350] 114(i),[351] and 114(j).[352]

1. Exempt Transmissions and Retransmissions

Having given owners of sound recordings a limited public performance right, the DPRSRA then goes on to create various exceptions to that right. New §114(d)(1) lists the transmissions and retransmissions that are exempt from the new exclusive right.[353] A transmission's exempt status under this section will not affect the transmitter's obligation to pay a public performance license royalty to the copyright owner of the musical work embodied in the phonorecord being transmitted. However, the exempt status of the transmission under this section *will* affect the transmitter's

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343 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(4)(F), 112 Stat. 2860, 2898 (1998) (codified as amended at 17 U.S.C. § 114(j)(15) (Supp. IV 1998)) (emphasis added).

344 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(1), 109 Stat. 336 (codified as amended at 17 U.S.C. § 114(a) (Supp. IV 1998)).

345 *Id.* § 3(2), 109 Stat. at 336 (codified as amended at 17 U.S.C. § 114(b) (Supp. IV 1998)).

346 *Id.* § 3(3) (codified as amended at 17 U.S.C. § 114(d) (Supp. IV 1998)).

347 *Id.* § 3(4), 109 Stat. at 340 (codified as amended at 17 U.S.C. § 114(e) (Supp. IV 1998)).

348 *Id.* (codified as amended at 17 U.S.C. § 114(f) (Supp. IV 1998)).

349 *Id.* § 3(4), 109 Stat. at 342 (codified as amended at 17 U.S.C. § 114(g) (Supp. IV 1998)).

350 *Id.* § 3(4), 109 Stat. at 343 (codified as amended at 17 U.S.C. § 114(h) (Supp. IV 1998)).

351 *Id.* (codified as amended at 17 U.S.C. § 114(i) (Supp. IV 1998)).

352 *Id.* § 3(4), 109 Stat. at 343-44 (codified as amended at 17 U.S.C. § 114(j) (Supp. IV 1998)).

353 *Id.* § 3(3), 109 Stat. at 336-38 (codified as amended at 17 U.S.C. § 114(d)(1) (Supp. IV 1998)).

obligation to the owner of the sound recording copyright. If exempt, the transmitter is not required to obtain a license from the sound recording copyright owner. If not exempt, the transmitter will be required to either obtain a voluntary license or to satisfy requirements for a new compulsory license, depending on the type of transmission. These exemptions were created in response to the political pressure exerted by the NAB and other special interest groups that historically opposed any legislation that included a performance right in sound recordings that would adversely affect them.[354]

As a prerequisite for exemption under §114(d)(1), the transmission/retransmission cannot be part of an interactive service.[355] The exemptions

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[354] *See* S. REP. NO. 104-128, at 15, 16 (1995), *reprinted in* 1995 U.S.C.C.A.N. 362, 363 ("the Committee was mindful of the need to strike a balance among all of the interests affected thereby. That balance is reflected in various limitations on the new performance right . . . .").

[355] Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336 (codified as amended at 17 U.S.C. § 114(d)(1) (Supp. IV 1998)) ("The performance of a sound recording publicly by means of a digital audio transmission, other than as a part of an interactive service, is not an infringement . . . ."). The DMCA defines an "interactive service" as a service "that enables a member of the public to receive a transmission of a program specially created for the recipient, or on request, a transmission of a particular sound recording, whether or not as part of a program, which is selected by or on behalf of the recipient." Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(4)(D), 112 Stat. 2860, 2898 (1998) (codified as amended at 17 U.S.C. § 114(j)(7) (Supp. IV 1998)). In other words, "interactive" transmissions are those that are specially created for, or requested by, the recipient. A transmission may be "specially created" for a recipient, for example, if the transmitting service creates a program for the recipient based on the recipient's selection of a particular artist, even if no particular songs are requested. *See* H.R. CONF. REP. NO. 105-796, at 87 (1998), *reprinted in* 1998 U.S.C.C.A.N. 663. Transmissions in which a particular song is provided on demand, sometimes referred to as "pay-per-listen" or the notorious "celestial jukebox," is considered interactive, whether or not there is a charge for the transmission. *See* S. REP. NO. 104-128, at 33 (1995), *reprinted in* 1995 U.S.C.C.A.N. 380. Furthermore, a transmission is considered interactive even if the song being transmitted is part of a preexisting program. *See* H.R. CONF. REP. NO. 105-796, at 88 (1998), *reprinted in* 1998 U.S.C.C.A.N. 663. In other words, if the recipient is allowed to select a particular song from a pre-programmed play list, the transmission will be considered interactive even though the program itself was not selected by the recipient. *See id.* The DMCA goes on to qualify an interactive service by stating that an individual's ability to request a sound recording on behalf of the general public (for example, call-in requests to a DAB station), or by a subscriber for all subscribers, does *not* make the service interactive, as long as the programming on each channel of the service does not substantially consist of sound recordings that are performed within an hour of the request or an otherwise designated time. Digital Millennium

for noninteractive transmissions/retransmissions under §114(d)(1) are divided into three main categories: nonsubscription broadcast transmissions under §114(d)(1)(A), retransmissions of nonsubscription broadcast transmissions under §114(d)(1)(B), and other exempt transmissions and retransmissions under §114(d)(1)(C). These categories are further divided into various subcategories. There is some overlap within these categories; that is to say, some transmissions/retransmissions may be exempt under more than one section. For example, a nonsubscription broadcast retransmission is exempt under §114(d)(1)(A), which exempts all nonsubscription broadcast transmissions, including retransmissions,[356] and §114(d)(1)(B)(i)(I), which exempts retransmissions of nonsubscription broadcast transmissions by FCC-licensed terrestrial broadcast stations.[357]

a. Nonsubscription Broadcast Transmissions

The first category of exempt transmissions/retransmissions, under §114(d)(1)(A), includes nonsubscription broadcast transmissions.[358] This

Copyright Act, Pub. L. No. 105-304, § 405(a)(4)(D), 112 Stat. 2860, 2898 (1998) (codified as amended at 17 U.S.C. § 114(j)(7) (Supp. IV 1998)). Furthermore, if a service offers both interactive and noninteractive service, the noninteractive component is not considered interactive. *Id.*

356 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(A), 112 Stat. 2860, 2890 (1998) (codified as amended at 17 U.S.C. § 114(d)(1)(A) (Supp. IV 1998)).

357 Digital Performance Right in Sound Recordings Act of 1995, § 3(3), 109 Stat. 336, 337 (codified as amended at 17 U.S.C. § 114(d)(1)(B)(i)(I) (Supp. IV 1998)).

358 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(A), 112 Stat. 2860, 2890 (1998) (codified as amended at 17 U.S.C. § 114(d)(1)(A) (Supp. IV 1998)). The DPRSRA defines a "nonsubscription" transmission as "any transmission that is not a subscription transmission." Digital Performance Right in Sound Recordings Act of 1995, § 3(4), 109 Stat. 336, 344 (codified as amended at 17 U.S.C. § 114(j)(9) (Supp. IV 1998). The DPRSRA defines a "subscription transmission" as "a transmission that is controlled and limited to particular recipients, and for which consideration is required to be paid or otherwise given by or on behalf of the recipient to receive the transmission or a package of transmissions including the transmissions." *Id.* (codified as amended at 17 U.S.C. § 114(j)(14) (Supp. IV 1998)). Section 114(d)(1)(A) of the DPRSRA, as passed in 1995, exempted three different categories of "nonsubscription transmissions," including nonsubscription broadcast transmissions. Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 336-38. This was necessary, according to Congress, "to specify more precisely which transmissions are covered by this exemption." 141 CONG. REC. S11,949 (daily ed. Aug. 8, 1995). However, these categories were very difficult to decipher and were replaced by the DMCA with the simple nonsubscription broadcast exemption. According to the House Conference Report, the replaced exemptions were "the cause of confusion as to the application

category includes any nonsubscription transmission made by "a terrestrial broadcast station licensed as such by the FCC," which is the DPRSRA's somewhat narrow definition of "broadcast transmission."[359] For example, a DAB or digital television broadcast transmission would fit into this category, as long as the transmitter is licensed as a terrestrial broadcast station by the FCC. All nonsubscription broadcast transmissions made by FCC-licensed terrestrial broadcast stations are exempt, whether an initial transmission, such as a local newscast, or a retransmission, such as the retransmission by a local station of a feed supplied by a network.[360] However, retransmissions of broadcast transmissions by entities other than broadcast stations, such as cable systems, are not exempt under this section.[361] These retransmissions may be exempt under §§114(d)(1)(B) or 114(d)(1)(C) as described below.

b. Retransmissions of Nonsubscription Broadcast Transmissions

The second category of exempt transmissions/retransmissions, under §114(d)(1)(B), includes retransmissions of nonsubscription broadcast transmissions.[362] These retransmissions are generally exempt, even if they are offered on subscription basis (which would disqualify them for exemption under §114(d)(1)(A) above).[363] For example, cable systems often retransmit a local station while scrolling various types of information on a channel guide or local events channel. These retransmissions are potentially exempt even though the cable system charges their customers for their service. These retransmissions are only *potentially* exempt, however, because of the following limitation: If the retransmission is of a *radio station* broadcast transmission (as opposed to, for example, a *TV station* broadcast transmission), it must fall into one of these four subcategories to be exempt under §114(d)(1)(B): 1) retransmissions of a radio station broadcast transmission that are made within a 150-mile radius of the site of the radio station's transmitter;[364] 2) all-band retransmissions of a radio

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of the [Act] to certain nonsubscription services (especially webcasters)." H.R. CONF. REP. NO. 105-796, at 80 (1998), *reprinted in* 1998 U.S.C.C.A.N. 656.

359 *See generally supra* note 177 (defining "broadcast").

360 *See* 141 CONG. REC. S11,949 (daily ed. Aug. 8, 1995).

361 *See id.*

362 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. 104-39, § 3(3), 109 Stat. 336, 336-38 (codified as amended at 17 U.S.C. § 114(d)(1)(B) (Supp. IV 1998)).

363 *Id.*; *see also* S. REP. NO. 104-128, at 19 (1995), *reprinted in* 1995 U.S.C.C.A.N. 366.

364 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. 104-39, § 3(3), 109 Stat. 336, 337 (codified as amended at 17 U.S.C. § 114(d)(1)(B)(i) (Supp. IV 1998)).

station broadcast transmission received over the air;[365] 3) "grandfathered" retransmissions;[366] or 4) broadcast retransmissions of a public radio station broadcast transmission.[367]

1) Retransmissions of a Radio Station Broadcast Transmission Within a 150-Mile Radius of the Site of the Radio Station's Transmitter

The first subcategory of exempt retransmissions of radio station broadcast transmissions, under §114(d)(1)(B)(i), includes retransmissions (including *subscription* retransmissions) of a radio station broadcast transmission made within a 150-mile radius of the site of the radio station's transmitter.[368] Section 114(d)(1)(B)(i) makes it clear that the radio station which broadcast transmission is being retransmitted must be "local" for the retransmission to be exempt. However, even a retransmission of a radio station's broadcast transmission made *outside* of a 150-mile radius *is* exempt if: 1) the retransmission is not willful or repeated;[369] or 2) the retransmitter is another FCC-licensed terrestrial broadcast station/translator/repeater and retransmitted on a nonsubscription basis.[370]

The "willful or repeated" requirement for liability is designed to prevent the 150-mile limit from becoming a "dangerous trap" for the "uninitiated or inattentive."[371] Furthermore, an FCC-licensed terrestrial broadcast station (or translator or repeater) may retransmit another FCC-licensed terrestrial broadcast radio station's transmission on a non-subscription basis without regard to the 150-mile limit.[372] Although these transmissions are already exempt under §114(d)(1)(A) (nonsubscription broadcast transmissions), Congress wanted to make it clear that these types of retransmissions are exempt, notwithstanding the 150-mile limitation.[373]

Of course, nonsubscription retransmissions by another FCC-licensed terrestrial broadcast station/translator/repeater as described above may *themselves* be further retransmitted. In this case, such retransmissions are subject to the same rules as the first retransmissions. In this case, the 150-mile radius is measured from the transmitter site of the second-generation

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365 *Id.* (codified as amended at 17 U.S.C. § 114(d)(1)(B)(ii) (Supp. IV 1998)).
366 *Id.* (codified as amended at 17 U.S.C. § 114(d)(1)(B)(iii) (Supp. IV 1998)).
367 *Id.* (codified as amended at 17 U.S.C. § 114(d)(1)(B)(iv) (Supp. IV 1998)).
368 *Id.* (codified as amended at 17 U.S.C. § 114(d)(1)(B)(i) (Supp. IV 1998)).
369 *Id.*
370 *Id.* (codified as amended at 17 U.S.C. § 114(d)(1)(B)(i)(I) (Supp. IV 1998)).
371 *See* S. REP. No. 104-128, at 19, 20 (1995), *reprinted in* 1995 U.S.C.C.A.N. 366, 367.
372 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 337 (codified as amended at 17 U.S.C. § 114(d)(1)(B)(i)(I) (Supp. IV 1998)).
373 *See* 141 CONG. REC. S11,949-50 (daily ed. Aug. 8, 1995).

station's retransmitter.[374] For example, radio station X is transmitting. FCC-licensed terrestrial broadcast radio station Y is retransmitting X's broadcast on a non-subscription basis outside 150 miles, thus being exempt. Cable system Z may retransmit station Y's retransmission within 150 miles of station Y's transmitter and be exempt.

2) *All-Band Retransmissions of a Radio Station Broadcast Transmission Received Over the Air*

The second subcategory of exempt retransmissions of radio station broadcast transmissions, under §114(d)(1)(B)(ii), includes all-band retransmissions (including *subscription* retransmissions) of a radio station broadcast transmission received over the air.[375] In other words, a retransmitter may locally retransmit, as a group, all radio station broadcasts that the retransmitter is able to pick up using an over-the-air antenna ("all-band" retransmissions).[376] To be exempt under this section, the retransmission must be: 1) of a transmission that was obtained by the retransmitter over the air;[377] 2) not electronically processed to deliver separate and discrete signals;[378] and 3) only retransmitted within local communities served by retransmitter.[379]

For example, cable systems often provide a service to their customers whereby radio signals are picked up by the cable system's antenna and fed directly to the customers' stereo receivers via a cable connection from the wall to the antenna input of the receiver, essentially allowing the cable system's antenna to be the customers' antenna. This is particularly useful for customers who are located in the kind of rough terrain that makes radio reception difficult. Section 114(d)(1)(B)(ii) exempts these radio retransmissions, which is necessary to shield the cable systems from unintended liability because their antennae may well be picking up radio station transmissions coming from beyond the 150-mile limitation set forth in §114(d)(1)(B)(i).[380]

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374 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 337 (codified as amended at 17 U.S.C. § 114(d)(1)(B)(i)(II) (Supp. IV 1998)).

375 *Id.* (codified as amended at 17 U.S.C. § 114(d)(1)(B)(ii) (Supp. IV 1998)).

376 *Id.*; *see also* S. REP. NO. 104-128, at 20 (1995), *reprinted in* 1995 U.S.C.C.A.N. 367.

377 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 337 (codified as amended at 17 U.S.C. § 114(d)(1)(B)(ii)(I) (Supp. IV 1998)).

378 *Id.* (codified as amended at 17 U.S.C. § 114(d)(1)(B)(ii)(II) (Supp. IV 1998)).

379 *Id.* (codified as amended at 17 U.S.C. § 114(d)(1)(B)(ii)(III) (Supp. IV 1998)).

380 *See* S. REP. NO. 104-128, at 20 (1995), *reprinted in* 1995 U.S.C.C.A.N. 367.

3) Grandfathered Retransmissions

The third subcategory of exempt retransmissions of radio station broadcast transmissions, under §114(d)(1)(B)(iii), is a "grandfather" exemption[381] which allows retransmissions of a radio station's broadcast transmission even outside of §114(d)(1)(B)(i)'s 150-mile limitation when: 1) the radio station's broadcast transmission was already being retransmitted to cable systems via satellite carrier on January 1, 1995; 2) the retransmission was being retransmitted by the cable systems as a separate and discrete signal; 3) the radio station's broadcast transmission is received by the satellite carrier in analog format; and 4) the broadcast transmission being retransmitted embodies the programming of no more than one radio station (in other words, no multiplexing).[382] The Senate Report lists Chicago's WFMT as an example of a radio station whose transmissions may be retransmitted under this exemption.[383]

4) Broadcast Retransmissions of a Public Radio Station Broadcast Transmission

The fourth subcategory of exempt retransmissions of radio station broadcast transmissions, under §114(d)(1)(B)(iv), includes nonsubscription broadcast retransmissions of broadcast transmissions originally made by federally-funded (as of January 1, 1995), noncommercial, educational radio stations (in other words, public radio).[384] The noncommercial educational radio station's broadcast must consist solely of news, informational, cultural, public affairs or other educational-type programming to the public.[385] Furthermore, the retransmission itself must be a nonsubscription

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381 A "grandfather" clause is a "[provision] allowing persons, engaged in a certain business before the passage of an act regulating that business, to receive a license or prerogative without meeting all the criteria that new entrants into the field would have to fulfill." BARRON'S LAW DICTIONARY 222 (4th ed. 1996).

382 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 337 (codified as amended at 17 U.S.C. § 114(d)(1)(B)(iii) (Supp. IV 1998)).

383 S. REP. No. 104-128, at 21 (1995), *reprinted in* 1995 U.S.C.C.A.N. 368.

384 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 337 (codified as amended at 17 U.S.C. § 114(d)(1)(B)(iv) (Supp. IV 1998)); *see also* S. REP. No. 104-128, at 21 (1995), *reprinted in* 1995 U.S.C.C.A.N. 368.

385 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 337 (codified as amended at 17 U.S.C. § 114(d)(1)(B)(iv) (Supp. IV 1998)); *see also* S. REP. No. 104-128, at 21 (1995), *reprinted in* 1995 U.S.C.C.A.N. 368.

broadcast retransmission.[386] Congress created this exemption to allow noncommercial, educational radio stations to continue its methods for delivering its programming to the public without regard to the 150-mile limitation set forth in §114(d)(1)(B)(i).[387]

c. Other Exempt Transmissions and Retransmissions

The third category of exempt transmissions/retransmissions, under §114(d)(1)(C), is a kind of catch-all exemption section which exempts those transmissions and retransmissions that Congress intended to be free from liability under the new performance right, but did not specifically fall into one of the previous two categories.[388]

1) Incidental Transmissions

The first subcategory of "other" exempt transmissions/retransmissions, under §114(d)(1)(C)(i), includes incidental transmissions.[389] To be exempt as an "incidental" transmission/retransmission under this section, the transmission/retransmission must: 1) be prior or simultaneous to an exempt transmission; 2) be incidental to an exempt transmission; and 3) not include any subscription transmission directly for reception by the public.[390] The "prior or simultaneous" language makes it clear that the incidental transmission/retransmissions must be made either before (for example, pre-recorded programming from a programming provider) or virtually simultaneously with (for example, a programming feed from a remote truck) the exempt transmissions they are incidental to. The proviso "not include[ing] any subscription transmission directly for reception by members of the public"[391] further qualifies the incidental transmission/retransmissions by telling us that although the incidental transmission/retransmission may include subscription transmissions, such subscription transmissions cannot be available for reception by members of the general public. Of course, an incidental transmission, such as a programming feed from a remote truck, may indeed be *indirectly* received by the public via the transmission it is incidental to. Finally, the transmission/retransmission must be "incidental" to an exempt transmission/retransmission. To qualify

386 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 337 (codified as amended at 17 U.S.C. § 114(d)(1)(B)(iv) (Supp. IV 1998)).

387 *See* S. REP. No. 104-128, at 21 (1995), *reprinted in* 1995 U.S.C.C.A.N. 368.

388 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 337-38 (codified as amended at 17 U.S.C. § 114(d)(1)(C) (Supp. IV 1998)).

389 *Id.* (codified as amended at 17 U.S.C. § 114(d)(1)(C)(i) (Supp. IV 1998)).

390 *Id.*

391 *Id.*

as an "incidental" transmission, the transmission/retransmission must be "made for the purpose of facilitating" the exempt transmission or retransmission."[392]

Thus, for example, if broadcast station A both broadcasts its signal to the public and transmits or retransmits its signal to broadcast station B for simultaneous/subsequent broadcast to the public, the feed to station B is exempt as incidental to B's broadcast, even if station A is charging station B for the feed.[393] This is because the feed is: 1) prior or simultaneous to station B's broadcast; 2) made for the purpose of facilitating B's broadcast (incidental), which is exempt as a nonsubscription broadcast transmission under §114(d)(1)(A); and 3) is not directly received by members of the general public. Furthermore, it appears that the feed would be exempt as incidental to station A's broadcast as well, as long as A was feeding B simultaneously with its own broadcast.

2) Storecasting

The second subcategory of "other" exempt transmissions/retransmissions, under §114(d)(1)(C)(ii), includes transmissions within a business establishment (sometimes known as "storecasting").[394] For example, retail sales establishments commonly play CDs or compilation tapes to provide background music in their stores. To be exempt under this section, the transmission/retransmission must be made on the business' premises or within the immediately surrounding vicinity.[395] Congress, mindful of the extensive litigation surrounding the use of musical works by businesses when storecasting, expressly declined to create a storecasting right for owners of sound recordings.[396] However, this section is not intended to affect these rights for owners of musical work copyrights.[397]

3) Authorized Retransmissions of Licensed Transmissions

The third subcategory of "other" exempt transmissions/retransmissions, under §114(d)(1)(C)(iii), includes authorized retransmissions of li-

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392 S. REP. NO. 104-128, at 22 (1995), *reprinted in* 1995 U.S.C.C.A.N. 369.

393 *Id.*

394 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 337 (codified as amended at 17 U.S.C. § 114(d)(1)(C)(ii) (Supp. IV 1998)); *see also* S. REP. NO. 104-128, at 22 (1995), *reprinted in* 1995 U.S.C.C.A.N. 369.

395 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 337 (codified as amended at 17 U.S.C. § 114(d)(1)(C)(ii) (Supp. IV 1998)).

396 *See* S. REP. NO. 104-128, at 22 (1995), *reprinted in* 1995 U.S.C.C.A.N. 369.

397 *See id.*

censed transmissions.[398] This is another "through to the listener" exemption, allowing retransmitters to retransmit noninteractive programming to the listener when: 1) the transmission being retransmitted is licensed by the sound recording copyright owner; and 2) the retransmission itself is a) simultaneous to transmission, and b) authorized by transmitter.[399] In other words, if a noninteractive transmitter has obtained a public performance license from the sound recording copyright owner, retransmitters need not also obtain a license as long as they are retransmitting simultaneously with, and under the authority of, the transmitter. These retransmissions are exempt because the sound recordings being retransmitted are covered by the transmitter's license.

4) Transmissions or Retransmissions to Business Establishments for Use in Ordinary Course of Business

The fourth subcategory of "other" exempt transmissions/retransmissions, under §114(d)(1)(C)(iv), includes transmissions to business establishments for use in the ordinary course of business.[400] To qualify for this exemption, the transmission/retransmission: 1) must be to a business establishment; 2) must be for use by the business establishment in the ordinary course of business; 3) cannot be retransmitted outside premises or immediately surrounding vicinity; and 4) cannot exceed the Sound Recording Performance Complement (SRPC).[401] This section was designed to exempt transmissions of music by DAC services to retail stores, restaurants, offices, etc. for use as background music, even if the DAC service is charging the business for the music.[402] If the same subscription transmission service programming is being transmitted to both business and nonbusiness consumers, only the transmissions to the business consumers would be exempt.[403] Therefore, DAC services such as Muzak, which almost exclusively serve businesses, are virtually free from liability under the new performance right for sound recordings. However, DAC services

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398 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 337-38 (codified as amended at 17 U.S.C. § 114(d)(1)(C)(iii) (Supp. IV 1998)).

399 *Id.*; *see also* S. REP. No. 104-128, at 22, 23 (1995), *reprinted in* 1995 U.S.C.C.A.N. 369, 370.

400 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 338 (codified as amended at 17 U.S.C. § 114(d)(1)(C)(iv) (Supp. IV 1998)).

401 *Id.* The SPRC is a set of programming restrictions designed to discourage copying. For a detailed explanation of the SRPC, see generally *infra* Section IV.B.2.c.1) (discussing the SRPC).

402 *See* S. REP. No. 104-128, at 23 (1995), *reprinted in* 1995 U.S.C.C.A.N. 370.

403 *See id.*

that serve both businesses and homes are liable for those transmissions that are directed to homes, but not liable for those directed to businesses.

If a business *does* retransmit outside the premises or immediately surrounding vicinity, any such retransmission does not affect the exempt status of that transmission *to* the business under this section if the transmission was retransmitted without the authority or prior knowledge of, or inducement by, the transmitting entity.[404] Furthermore, according to the language of the DPRSRA,[405] whether or not the transmission *to* the business is exempt under this section does not effect the exempt status of transmissions *within* the business under §114(d)(1)(C)(ii).

2. *Statutory Licensing of Certain Transmissions*

New §114(d)(2), as amended by the DMCA, imposes a compulsory license on certain qualifying transmissions that are not otherwise exempt under §114(d)(1).[406] In other words, transmitters of qualifying non-exempt transmissions can obtain licenses to perform the sound recordings embodied in said transmissions as long as they pay the statutory royalty as described in §114(f).[407] Non-qualifying, non-exempt transmissions are subject to the full force of the newly-created public performance right in sound recordings, requiring any transmitter thereof to obtain a voluntary license from the copyright owner.

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404 *See id.* at 14, 23.

405 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 338 (codified as amended at 17 U.S.C. § 114(d)(1)(C)(iv) (Supp. IV 1998)) ("Nothing in this clause shall limit the scope of the exemption in clause [114(d)(1)(C)] ii.").

406 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2891-94 (1998) (codified as amended at 17 U.S.C. § 114(d)(2) (Supp. IV 1998)). Section 114(d)(2) of the DPRSRA, as passed in 1995, had provided a compulsory license only for subscription transmissions. Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 338. The DMCA expanded compulsory license availability, as discussed in this section. The DMCA also created a compulsory license for ephemeral recordings. Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(b), 109 Stat. 2860, 2899-902 (1998) (codified as amended at 17 U.S.C. § 112 (Supp. IV 1998)). Generally speaking, ephemeral recordings are those made to facilitate a transmission, such as when a radio station creates a compilation recording so that songs can be seamlessly broadcast. Previously, only one ephemeral recording of a given work was allowed. Now, under certain circumstances, multiple ephemeral recordings can be made under a compulsory license. *See id.*

407 *See generally infra* Section IV.B.6 (discussing new § 114(f)).

Generally, the compulsory license is available for subscription transmissions,[408] even though they do not appear to pose any real danger to sound recording sales. In fact, to qualify for the compulsory license, the transmissions must be noninteractive, and several of the qualifications are designed to discourage copying. Therefore, this remuneration for sound recording copyright owners does not appear to be entirely consistent with Congress' intent to protect them from sales displacement. Be that as it may, the compulsory licensing scheme allows such remuneration while simultaneously preventing gatekeeping by the sound recording owners, which would limit public access to their works.

Transmissions qualify by adhering to certain requirements as set forth below. These requirements vary according to the type of transmission being made, as well as what type of service is making the transmission. Five types of transmissions are contemplated: 1) subscription transmissions made by preexisting subscription services using the same transmission method as they have been using;[409] 2) subscription transmissions made by preexisting DARS services;[410] 3) "eligible" nonsubscription transmis-

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[408] *See generally supra* note 358 (defining "subscription transmission"). "Eligible" nonsubscription transmissions may also be exempt. *See generally infra* note 411 (defining "eligible nonsubscription transmission").

[409] Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2891 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(B) (Supp. IV 1998)). A "preexisting subscription service" is defined by the DMCA as "a service that performs sound recordings by means of noninteractive audio-only subscription digital audio transmissions, which was in existence and was making such transmissions to the public for a fee on or before July 31, 1998, and may include a limited number of sample channels representative of the subscription service that are made available on a nonsubscription basis in order to promote the subscription service." *Id.* § 405(a)(4)(E), 112 Stat. at 2899 (codified as amended at 17 U.S.C. § 114(j)(11) (Supp. IV 1998)). The purpose for distinguishing preexisting subscription services from post-Act services was that Congress wanted to minimize disruption to the preexisting services, which had already made substantial business plans based on the existing law. *See* H.R. CONF. REP. No. 105-796, at 80, 81 (1998), *reprinted in* 1998 U.S.C.C.A.N. 656, 657. The new requirements for these services (including the § 114(d)(2)(A) requirements) are functionally identical to the requirements previously in place. *See id.* Of course, to fall within this category, the preexisting subscription services must be using the same transmission method that they were using as of July 31, 1998. Only three such services currently exist: DMX, Music Choice, and Muzak. *See* H.R. CONF. REP. No. 105-796, at 81 (1998), *reprinted in* 1998 U.S.C.C.A.N. 657; *see also generally* Section II.C.2.c (describing DAC services).

[410] Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2891 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(B) (Supp. IV 1998)). A "preexisting satellite digital audio radio service" (in other words, DARS) is defined by the DMCA as "a subscription satellite

sions;[411] 4) subscription transmissions made by new subscription services;[412] and 5) subscription transmissions made by preexisting subscription services using a new transmission method.[413] All five types must satisfy three requirements as set forth in §114(d)(2)(A).[414] The first two types listed above must also satisfy the requirements set forth in §114(d)(2)(B),[415] while the latter three types must also satisfy the requirements set forth in §114(d)(2)(C).[416] In other words, the requirements of

digital audio radio service provided pursuant to a satellite digital audio service license issued by the [FCC] on or before July 31, 1998, and any renewal of such license to the extent of the scope of the original license, and may include a limited number of sample channels representative of the subscription service that are made available on a nonsubscription basis in order to promote the subscription service." *Id.* § 405(a)(4)(E), 112 Stat. at 2898-99 (codified as amended at 17 U.S.C. § 114(j)(10) (Supp. IV 1998)). The reason for distinguishing preexisting DARS from subsequent DARS is the same as for preexisting subscription services. *See* H.R. CONF. REP. NO. 105-796, at 81 (1998), *reprinted in* 1998 U.S.C.C.A.N. 657; *see also generally supra* note 409 (describing this reasoning). Only two such services currently exist: CD Radio and XM Satellite Radio. *See* H.R. CONF. REP. NO. 105-796, at 81 (1998), *reprinted in* 1998 U.S.C.C.A.N. 657; *see also generally infra* Section II.C.2.b (describing DARS).

411 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2891 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(C) (Supp. IV 1998)). An "eligible nonsubscription transmission" is defined by the DMCA as "a noninteractive nonsubscription digital audio transmission not exempt under subsection (d)(1) that is made as part of a service that provides audio programming consisting, in whole or in part, of performances of sound recordings, including retransmissions of broadcast transmissions, if the primary purpose of the service is to provide to the public such audio or other entertainment programming, and the primary purpose of the service is not to sell, advertise, or promote particular products or services other than sound recordings, live concerts, or other music-related events." *Id.* § 405(a)(4)(D), 112 Stat. at 2898 (codified as amended at 17 U.S.C. § 114(j)(6) (Supp. IV 1998)). This category was added to include webcasting. *See generally infra* Section II.C.2.d (describing digital audio transmissions via the Internet). A webcaster, for example, provides audio programming for the primary purpose of entertainment and would therefore qualify for a compulsory license, whereas an ordinary commercial Web site that uses audio as background music would not.

412 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2891 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(C) (Supp. IV 1998)).

413 *Id.*; *see also generally supra* note 409 (defining "preexisting subscription service").

414 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2891 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(A) (Supp. IV 1998)).

415 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(B) (Supp. IV 1998)).

416 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(C) (Supp. IV 1998)).

§§114(d)(2)(B) and 114(d)(2)(C) are alternatives: to qualify for a compulsory license, a transmission must satisfy one or the other, along with the requirements of §114(d)(2)(A).

As to the application of these requirements, the House Conference Report makes two statements of intent: First, the conferees intended that transmissions that do not satisfy the requirements should not be disqualified from receiving a compulsory license if the transmissions are authorized as such by the sound recording copyright owner.[417] Second, the conferees suggested that unintentional, non-material violations should not disqualify a transmitting entity from a compulsory license if, once recognized, they are not repeated.[418]

a. Requirements for All Transmissions

To satisfy the threshold requirements for a compulsory license as set forth in §114(d)(2)(A): 1) the transmission cannot be part of an interactive service;[419] 2) the transmitting entity cannot automatically and intentionally cause any receiving device to switch channels (except for transmissions to business establishments);[420] and 3) when technically feasible, the transmission must be accompanied by whatever copyright management information has been embedded into the sound recording by the copyright owner.[421]

1) Not Interactive

First, under §114(d)(2)(A)(i), transmissions which are part of an interactive service are not eligible for a compulsory license.[422] Interactive services, whereby a recipient can receive music "on demand," were thought by Congress to pose the greatest threat to traditional record sales.[423] For example, if music consumers can simply log on to a Web site and select a digital audio file to download and burn onto a CD-ROM, they

417 H.R. CONF. REP. No. 105-796, at 80 (1998), *reprinted in* 1998 U.S.C.C.A.N. 656.

418 *Id.*

419 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2891 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(A)(i) (Supp. IV 1998)); *see also generally supra* note 355 (defining "interactive service").

420 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2891 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(A)(ii) (Supp. IV 1998)).

421 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(A)(iii) (Supp. IV 1998)).

422 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(A)(i) (Supp. IV 1998)); *see also generally supra* note 355 (defining "interactive service").

423 *See* S. REP. No. 104-128, at 24 (1995), *reprinted in* 1995 U.S.C.C.A.N. 371.

have no need to go to a music store to buy the music.[424] Therefore, Congress intended that sound recording copyright owners have the right to negotiate license terms in order to provide control over distribution of their works that is comparable to that of physical phonorecord distribution.[425]

2) Transmission Channel-Switching Mechanisms

Second, under §114(d)(2)(A)(ii), the transmitting entity cannot automatically and intentionally cause the receiver's equipment to switch from one channel to another.[426] This prevents circumvention of the "particular channel" language of the SRPC,[427] whereby the transmitting entity avoids violating the SRPC by causing the receiver's equipment to change channels so that selections are transmitted simultaneously but on different channels. In other words, the use of proscribed (by the SRPC) programming on different channels is not excused if the channels are automatically switched.

3) Carries Encoded Information

Third, under §114(d)(2)(A)(iii), if technically feasible, the transmission must carry certain information (such as title identification, artist identification, and other information concerning identification of the underlying musical work and its author) that was encoded in the sound recording under authority of the author.[428] This section assures that the information necessary for proper identification, upon which licensing payments will be made, will be transmitted to the paying entity.[429] However, the transmitting entity is not required to transmit information that is not related to identification, and is not required to encode any information at all, but merely to pass along any encoded information.[430] Furthermore,

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424 Even though Congress did provide for "digital deliveries" as a form of reproduction/distribution when an identifiable copy of the audio file is created, see generally *infra* Section IV.C, this would still not protect against transmissions by the type of service whereby selected songs are immediately broadcast or streamed to the listener rather than "delivered" (essentially an off-line CD collection).

425 *See* S. REP. NO. 104-128, at 24 (1995), *reprinted in* 1995 U.S.C.C.A.N. 371.

426 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2891 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(A)(ii) (Supp. IV 1998)).

427 *See generally infra* Section IV.B.2.c.1 (discussing the SRPC).

428 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2891 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(A)(iii) (Supp. IV 1998)).

429 *See* S. REP. NO. 104-128, at 25 (1995), *reprinted in* 1995 U.S.C.C.A.N. 372.

430 *See id.*

this section does not obligate sound recording owners to encode any information, and does not limit them as to what kinds of information to encode.[431]

b. Additional Requirements for Subscription Transmissions Made by Preexisting Subscription Services Using the Same Transmission Method or Preexisting DARS Services

Along with the requirements set forth in §114(d)(2)(A) as described above, these two types of transmissions must also satisfy two additional requirements under § 114(d)(2)(B) to qualify for a compulsory license: 1) The transmission cannot exceed the SRPC;[432] and 2) the transmitting entity cannot publish in advance the titles of the sound recordings being transmitted via advance program schedules or prior announcements.[433]

1) Does Not Exceed the Sound Recording Performance Complement

First, under §114(d)(2)(B)(i), the transmission cannot exceed the SRPC.[434] The SRPC defines the limitations on certain programming practices which were presumably deemed necessary in order to discourage copying of the transmission. To remain within the complement, a transmission may not include, during any three-hour period on a particular channel,[435] more than: 1) three different selections of sound recordings from any one phonorecord, and no more than two of the selections transmitted consecutively; or 2) four different selections of sound recordings a) by same featured recording artist, or b) from any set or compilation of phonorecords.[436] Furthermore, no more than three of these four selections can be transmitted consecutively.[437]

However, in order to prevent imposing liability for unintended violations, the sound recordings performed must be "from" the same phonorecord, unless the performances were transmitted willfully to

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431 *See id.*

432 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2891 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(B)(i) (Supp. IV 1998)).

433 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(B)(ii) (Supp. IV 1998)).

434 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(B)(i) (Supp. IV 1998)).

435 For purposes of this section, each channel of a multichannel service (such as a DAC service, which typically offers dozens of channels, such as "jazz," "classical," etc.) is considered a separate transmission. *See* S. REP. No. 104-128, at 24 (1995), *reprinted in* 1995 U.S.C.C.A.N. 371.

436 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(4), 109 Stat. 336, 344 (codified as amended at 17 U.S.C. § 114(j)(13) (Supp. IV 1998)).

437 *Id.*

circumvent the SRPC.[438] For example, transmitting four selections from different CDs that happen to also be placed consecutively on a soundtrack CD is considered within the SRPC unless done willfully.[439] Furthermore, the complement is to be evaluated at the time of programming, rather than at the time of transmission.[440] This prevents, for example, unintentional violations caused by the release of a new compilation CD that embodies selections already programmed using multiple CDs.[441] The "different selections" requirement allows Top 40-type programming, which tends to repeat a single selection during a short period of time.[442] The term "featured recording artist" refers to the person or group most prominently connected with the phonorecord being performed.[443]

2) Limitations on Prior Identification

Second, under §114(d)(2)(B)(i), the digital audio transmission cannot be identified in advance, such as through the publication of advance program schedules or the prior announcement of specific titles.[444] Prohibiting this type of prior notice to listeners presumably discourages copying because listeners cannot enable their recording equipment until after the song they wish to record has already started playing. The Senate Report states that this section should also cover advance notices that use language other than specific song title (such as artist name and current chart position), but still identify performance time in advance.[445] The Report also notes that this section should not prohibit advertising that uses song titles in an illustrative way.[446]

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438 *Id*; *see also* S. REP. NO. 104-128, at 35 (1995), *reprinted in* 1995 U.S.C.C.A.N. 382.

439 *See* S. REP. NO. 104-128, at 35 (1995), *reprinted in* 1995 U.S.C.C.A.N. 382.

440 *See id.*

441 *See id.*

442 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(4), 109 Stat. 336, 344 (codified as amended at 17 U.S.C. § 114(j)(13) (Supp. IV 1998)); *see also* S. REP. NO. 104-128, at 35-36, *reprinted in* 1995 U.S.C.C.A.N. 382-83.

443 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(4), 109 Stat. 336, 344 (codified as amended at 17 U.S.C. § 114(j)(13) (Supp. IV 1998)); *see also* S. REP. NO. 104-128, at 35-36, *reprinted in* 1995 U.S.C.C.A.N. 382-83.

444 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2891 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(B)(ii) (Supp. IV 1998)).

445 S. REP. NO. 104-128, at 24 (1995), *reprinted in* 1995 U.S.C.C.A.N. 371.

446 *Id.*

c. Additional Requirements for Eligible Nonsubscription Transmissions, Subscription Transmissions Made By New Subscription Services, and Subscription Transmissions Made By Preexisting Subscription Services Using a New Transmission Method

Along with the requirements set forth in §114(d)(2)(A) as described above, these three types of transmissions must also satisfy several additional requirements under §114(d)(2)(C) to qualify for a compulsory license, described below.

1) Does Not Exceed the Sound Recording Performance Complement

First, under §114(d)(2)(C)(i), as in §114(d)(2)(B)(i) as described above, the transmission cannot exceed the SRPC.[447] However, under this section there is an exception: The SRPC does not restrict retransmissions of broadcast transmissions if the retransmitting entity does not have the legal right or technical ability to control the programming of the broadcast station making the broadcast transmission.[448] However, there is a two-condition exception to this exception: If the broadcast station makes broadcast transmissions[449] that regularly exceed the SRPC in a digital format[450] or substantially exceeds the SRPC on a weekly basis in an analog format,[451] and the sound recording copyright owner notifies the retransmitter in writing that the broadcast transmissions being retransmitted exceed the SRPC,[452] then the retransmitter will not be eligible for a compulsory license when exceeding the SRPC despite lack of control over the broadcast transmissions.

2) Limitations on Prior Identification

Second, §114(d)(2)(C)(ii) imposes limitations on advance notice of digital audio transmissions, similar to the restrictions imposed under §114(d)(2)(B)(i) as described above.[453] However, there are some differences, most likely attributable to Congress' desire to improve on §114(d)(2)(B)(i) during the passage of the DMCA while leaving as it origi-

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447 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2891 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(C)(i) (Supp. IV 1998)).

448 *Id.*

449 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(C)(i)(I) (Supp. IV 1998)).

450 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(C)(i)(I)(aa) (Supp. IV 1998)).

451 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(C)(i)(I)(bb) (Supp. IV 1998)).

452 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(C)(i)(II) (Supp. IV 1998)).

453 *Id.* § 405(a)(1)(B), 112 Stat. at 2892 (codified as amended at 17 U.S.C. § 114(d)(2)(C)(ii) (Supp. IV 1998)).

nally existed in the DPRSRA for preexisting services who had relied on the DPRSRA's original language. One difference is that unlike §114(d)(2)(B)(i), §114(d)(2)(C)(ii) restricts the *inducement* or *facilitation* of advance program schedule publications and prior announcements, as well as the publications and announcements themselves.[454] Furthermore, §114(d)(2)(C)(ii) codifies the Senate Report's exemption for illustrative advertising,[455] making it clear that unspecified future time announcements are not limited,[456] and provides another exemption for advanced program schedules of classical music by broadcast stations that were publishing such schedules on or before September 31, 1998.[457] Finally, this section adds an exemption for retransmitters of broadcast transmissions that do not have actual knowledge or written notice that the broadcast station is making such publications or announcements.[458]

3) Archived Program and Continuous Program Limitations

Third, §114(d)(2)(C)(iii) spells out limitations that archived programs[459] and continuous programs[460] must stay within in order to secure a

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454 *Id.*

455 *Id.*; *see also* Section IV.B.2.b.2) (describing the illustrative advertising exemption).

456 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2892 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(C)(ii) (Supp. IV 1998)). The Conference Report further states that announcements *immediately* prior to transmission are not to be restricted. H.R. CONF. REP. NO. 105-796, at 82 (1998), *reprinted in* 1998 U.S.C.C.A.N. 658.

457 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2892 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(C)(ii) (Supp. IV 1998)).

458 *Id.*

459 An "archived program" is defined by the DMCA as "a predetermined program that is available repeatedly on the demand of the transmission recipient and that is performed in the same order from the beginning, except that an archived program shall not include a recorded event or broadcast transmission that makes no more than an incidental use of sound recordings, as long as such recorded event or broadcast transmission does not contain an entire sound recording or feature a particular sound recording." Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(4)(B), 112 Stat. 2860, 2898 (1998) (codified as amended at 17 U.S.C. § 114(j)(2) (Supp. IV 1998)). In other words, an archived program is a pre-programmed series of songs, which are always played in virtually the same order, available on demand to the public. *See* H.R. CONF. REP. NO. 105-796, at 86 (1998), *reprinted in* 1998 U.S.C.C.A.N. 662. One example of an archived program might be a Top 40 Countdown program which is posted on a webcaster's Web site. However, such programs which use sound recordings only incidentally (for example, as commercial segues, background for sporting events, or performances by guest musicians) are not considered archived programs. *See id.*

compulsory license.[461] First, the transmission cannot be part of an archived program which is less than five hours long.[462] Second, if the transmission is part of an archived program that is longer than five hours, the archived program cannot be available for more than two weeks at any given time.[463] Third, the transmission cannot be part of a continuous program which is less than three hours long.[464] Finally, if the transmission is part of a predetermined music program other than archived or continuous programs, and the transmission time is publicly announced in advance, it cannot be transmitted either: 1) more than three times in any two-week period for programs under one hour;[465] or 2) more than four times in any two-week period for programs of one hour or more.[466] As with §114(d)(2)(C)(i), an exemption from the §114(d)(2)(C)(iii) requirements is provided for retransmissions of broadcast transmissions if the retransmitter does not have the legal right or technical ability to control the programming of the broadcast station making the broadcast transmission,

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460 A "continuous program" is defined by the DMCA as "a predetermined program that is continuously performed in the same order and that is accessed at a point in the program that is beyond the control of the recipient." Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(4)(B), 112 Stat. 2860, 2898 (1998) (codified as amended at 17 U.S.C. § 114(j)(4) (Supp. IV 1998)). In other words, a continuous program is a continuous loop of preprogrammed songs. *See* H.R. CONF. REP. No. 105-796, at 87 (1998), *reprinted in* 1998 U.S.C.C.A.N. 662, 663. A continuous program differs from an archived program in that the listener accesses it at whatever point the loop happens to be at, as with a typical broadcast, rather than always at the beginning. *See id.* The Conference Report warns that minor alterations to the program do not place it outside the definition of a continuous program. *Id.*

461 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2892 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(C)(iii) (Supp. IV 1998)).

462 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(C)(iii)(I) (Supp. IV 1998)).

463 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(C)(iii)(II) (Supp. IV 1998)). The Conference Report states that the archived program cannot be available on the webcaster's site *or any related site* for more than two weeks. H.R. CONF. REP. No. 105-796, at 82 (1998), *reprinted in* 1998 U.S.C.C.A.N. 658. The report further states that the two-week limitation "should be applied in a reasonable manner" to prevent circumvention of the section by removing and immediately replacing the program, and that slight alterations to the program do not render it eligible for a compulsory license. *Id.*

464 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2892 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(C)(iii)(III) (Supp. IV)).

465 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(C)(iii)(IV)(aa) (Supp. IV 1998)).

466 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(C)(iii)(IV)(bb) (Supp. IV 1998)).

unless the retransmitter is given written notice by the copyright owner that the broadcast transmissions regularly violate this section.[467]

4) Transmissions with Audio Visual Advertisements

Fourth, under §114(d)(2)(C)(iv), the transmitting entity cannot knowingly transmit the sound recording contemporaneously with audio visual images in such a way as to indicate that the copyright owner or featured artist is affiliated in any way with the products or services being shown.[468] For example, if a particular sound recording is always transmitted with an advertisement for a particular product or service, listeners are likely to believe that the artist is affiliated with the product or service and the transmitter is therefore not eligible for a compulsory license.[469]

5) Scanning Prevention

Fifth, under §114(d)(2)(C)(v), the transmitting entity must cooperate with sound recording copyright owners to prevent recipients from scanning digital transmissions to extract a particular sound recording.[470] However, the transmitting entity need not cooperate to the extent that it incurs substantial costs or burdens.[471] Furthermore, this section does not apply to preexisting DARS that have already made investments in non-compatible equipment.[472] This section contemplates a future technology which would allow transmission recipients to scan various transmission channels to se-

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467 *Id.* (codified as amended at 17 U.S.C. § 114(d)(2)(C)(iii) (Supp. IV 1998)).

468 *Id.* § 405(a)(1)(B), 112 Stat at 2893 (codified as amended at 17 U.S.C. § 114(d)(2)(C)(iv) (Supp. IV 1998)).

469 *See* H.R. CONF. REP. No. 105-796, at 83 (1998), *reprinted in* 1998 U.S.C.C.A.N. 659.

470 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat 2860, 2893 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(C)(v) (Supp. IV)).

471 *Id.*

472 *Id.*; *see also generally supra* note 410 (describing preexisting DARS). There are two interesting language idiosyncrasies concerning this DARS exception. First, the actual language of this section provides an exemption for any "satellite digital audio service that is in operation, or that is licensed [by the FCC], on or before July 31, 1998," which is almost, but not quite, identical to the definition of "preexisting satellite digital audio radio service." *See supra* note 410. Although the differences do not appear to be substantial, it is curious that Congress did not simply use that definition for this section. Second, although the actual language of this section only exempts *preexisting* services as noted above, the Conference Report states that "satellite digital audio service[s], *including* . . . preexisting satellite digital audio service[s]" are exempt. H.R. CONF. REP. No. 105-796, at 83 (1998), *reprinted in* 1998 U.S.C.C.A.N. 659 (emphasis added).

lect particular songs.[473] According to the Conference Report, this is akin to interactive service, and refusing to cooperate in thwarting this technology will disqualify a transmitting entity from obtaining a compulsory license.[474]

6) Active Copy Prevention

Sixth, under §114(d)(2)(C)(vi), the transmitting entity must: 1) not cause or induce the making of a phonorecord by the transmission recipient; and 2) if their technology allows it to limit the transmission recipient from making such phonorecords in a digital format, they must do so.[475] Therefore, for example, if the streaming software used by a webcaster allows copy prevention of the transmission by the transmission recipient, they must utilize it.[476]

7) Lawful Acquisition of the Sound Recordings Being Transmitted

Seventh, under §114(d)(2)(C)(vii), the transmitting entity cannot transmit sound recordings unless they have already been distributed to the public or have been provided to the transmitting entity for performance under authorization of the sound recording copyright owner.[477] This section is designed to help prevent pre-release or bootleg[478] performances of songs.[479]

8) Passive Copy Prevention

Eighth, under §114(d)(2)(C)(viii), the transmitting entity must accommodate, and not interfere with, any embedded identifying or protection codes, as long as such accommodation is technically feasible without imposing substantial cost, and does not noticeably degrade the quality of the

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473 *See* H.R. CONF. REP. NO. 105-796, at 83 (1998), *reprinted in* 1998 U.S.C.C.A.N. 659.

474 *See id.*

475 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2893 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(C)(vi) (Supp. IV 1998)).

476 *See* H.R. CONF. REP. NO. 105-796, at 83 (1998), *reprinted in* 1998 U.S.C.C.A.N. 659.

477 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2893 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(C)(vii) (Supp. IV 1998)).

478 A bootleg copy is an unauthorized recording of a live performance, and is prohibited by Chapter 11 of Title 17. 17 U.S.C. § 1101 (Supp. IV 1998).

479 *See* H.R. CONF. REP. NO. 105-796, at 83, 84 (1998), *reprinted in* 1998 U.S.C.C.A.N. 659, 660.

transmission.[480] The codes referred to are typically watermarking codes,[481] copy prevention codes,[482] or identification codes that provide information about the music, author or performer.[483] These codes are vital for the copyright owners to protect their various exclusive rights through technological means, and stripping away or refusing to accommodate these codes would defeat these measures. However, this section does not apply to preexisting DARS, to the extent that such DARS have already committed to technology that is not subsequently adopted by sound recording copyright owners.[484]

9) Textual Information

Finally, under §114(d)(2)(C)(ix), the transmitting entity must identify, in the form of transmitted textual data, the featured artist and the title of the song and album (if any) during, but not before, the transmission of the sound recording.[485] Furthermore, the transmitting entity must make sure that this information can be easily seen by the recipient.[486] In other words, this section makes mandatory the common webcaster practice of transmitting this information along with the music, which is displayed on the recipient's computer monitor as part of the player plug-in software. However, there are several qualifications to this requirement: First, this requirement did not come into effect until one year after the passage of the DMCA.[487] Second, this requirement does not apply to retransmissions of broadcast transmissions if the retransmitter does not have the legal right or technical ability to control the programming of the broadcast station making the broadcast transmission.[488] Finally, this requirement does not apply where compatible receiving devices (in other words, the plug-in playback software) are not common in the marketplace.[489]

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480 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2893-94 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(C)(viii) (Supp. IV 1998)).

481 *See generally supra* Section II.C.2.d (describing watermarking codes).

482 *See generally supra* Section II.C.2.d (describing copy prevention codes).

483 *See generally supra* Section II.C.2.d (describing embedded identification information).

484 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2893-94 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(C)(viii) (Supp. IV 1998)); *see also generally supra* note 410 (describing preexisting DARS).

485 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(1)(B), 112 Stat. 2860, 2894 (1998) (codified as amended at 17 U.S.C. § 114(d)(2)(C)(ix) (Supp. IV 1998)).

486 *Id.*

487 *Id.*

488 *Id.*

489 *Id.*

3. Interactive Transmissions

The DPRSRA gives sound recording copyright owners the exclusive right to control interactive digital audio transmissions of their works.[490] New §114(d)(3) limits this right by placing certain restrictions on exclusive licenses (but not non-exclusive licenses) between sound recording copyright owners and interactive services.[491] This section is designed to prevent "gatekeeping" by sound recording copyright owners that limit opportunities for performances of the musical works embodied within the sound recordings.[492] In other words, Congress wanted to make sure that despite the voluntary licensing scheme, public performance opportunities for musical works were not too severely limited by the owners of the sound recordings in which the musical works are embodied.

Section 114(d)(3)(A) limits exclusive licenses granted to interactive services for the public performance of any particular sound recording via digital transmission to twelve months in duration.[493] However, if licensor owns less than 1,000 copyrights in sound recordings, the exclusive license can be for up to twenty-four months.[494] In either case, the interactive service grantee cannot receive another exclusive license for the same sound recording for thirteen months after the prior license expires.[495]

Under §114(d)(3)(B), these limitations do not apply when: 1) the licensor has granted licenses, each license consisting of at least 10% of the licensor's total licensed sound recordings and not less than fifty total sound recordings, to at least five different interactive services;[496] or 2) the exclusive license is granted solely for promotional purposes (up to 45 seconds).[497] An example of the first instance would be if a record company, with 10,000 total licensed sound recordings, grants licenses of 1,000

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490 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 338-39 (codified as amended at 17 U.S.C. § 114(d)(3) (Supp. IV 1998); *see also generally supra* note 355 (defining "interactive" services).

491 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 338-39 (codified as amended at 17 U.S.C. § 114(d)(3) (Supp. IV 1998)).

492 *See* S. REP. NO. 104-128, at 25 (1995), *reprinted in* 1995 U.S.C.C.A.N. 372.

493 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 338 (codified as amended at 17 U.S.C. § 114(d)(3)(A) (Supp. IV 1998)).

494 *Id.*

495 *Id.*

496 *Id.* § 3(3), 109 Stat. at 339 (codified as amended at 17 U.S.C. § 114(d)(3)(B)(i) (Supp. IV 1998)).

497 *Id.* (codified as amended at 17 U.S.C. § 114(d)(3)(B)(ii) (Supp. IV 1998)).

sound recordings to five different interactive services (1,000 is 10% of 10,000 and more than fifty total).[498]

Section 114(d)(3)(C) states that procurement of either an exclusive or non-exclusive license from a sound recording copyright owner does not excuse the interactive service from obtaining a license to publicly perform the musical work embodied in the phonorecord.[499] This section is designed to ensure that songwriter/publisher musical works royalties will remain unaffected by new types of phonorecord digital delivery systems.[500]

Section 114(d)(3)(D) provides a "through to the listener" exemption for entities which retransmit digital audio transmissions from interactive services.[501] To qualify under this section, the retransmissions must be of a licensed transmission,[502] and also be: 1) simultaneous[503] with the licensed transmissions; 2) authorized by the transmitter; and 3) limited to the customer intended by the interactive service to receive the transmission.[504]

Section 114(d)(3)(E) defines "performing rights society," and further establishes that for the purposes of this section, a "licensor" includes affiliates of the sound recording copyright owner that have a material degree of common ownership, management or control.[505] In other words, when calculating whether a company owns less than 1,000 sound recordings under §114(3)(A), any sound recordings owned by subsidiary companies must be included.[506]

4. Reaffirmation of Existing Rights

New §114(d)(4) is an expression of Congress' intent to clearly delineate the rights and limitations of the DPRSRA and the rights and limitations provided for under preexisting copyright law. Section 114(d)(4)(A) specifically states that except for the limitations specifically set out in new §114, nothing in that that section otherwise limits the new digital perform-

498 *See* S. REP. NO. 104-128, at 27 (1995), *reprinted in* 1995 U.S.C.C.A.N. 373.

499 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 339 (codified as amended at 17 U.S.C. § 114(d)(3)(C) (Supp. IV 1998)).

500 *See* S. REP. NO. 104-128, at 26 (1995), *reprinted in* 1995 U.S.C.C.A.N. 373.

501 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 339 (codified as amended at 17 U.S.C. § 114(d)(3)(D) (Supp. IV 1998)).

502 *Id.* (codified as amended at 17 U.S.C. § 114(d)(3)(D)(i) (Supp. IV 1998)).

503 *See generally supra* Section IV.A (discussing "simultaneous").

504 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 339 (codified as amended at 17 U.S.C. § 114(d)(3)(D)(ii) (Supp. IV 1998)).

505 *Id.* (codified as amended at 17 U.S.C. § 114(d)(3)(E)(i) (Supp. IV 1998)); *see generally supra* note 57 (defining "performing rights society").

506 *See* S. REP. NO. 104-128, at 26 (1995), *reprinted in* 1995 U.S.C.C.A.N. 373.

ance right under §106(6).[507] In other words, §114's own express limitations are the section's only limitations on the new exclusive right, and no implied limitations should be inferred from the section.

Section 114(d)(4)(B) specifically states that §114 does not annul or limit: 1) the preexisting exclusive right to publicly perform musical works, including by means of digital audio transmissions;[508] 2) the preexisting exclusive rights to reproduce, distribute or prepare derivative works of a sound recording or musical work;[509] or 3) any other rights or remedies under title 17.[510]

Section 114(d)(4)(C) specifically states that when a particular activity implicates both the new digital performance right under §106(6) and some other right under §106, the limitations under §114 do not apply to the copyright owner's other rights.[511] For example, when a digital audio transmission constitutes both a public performance and a digital phonorecord delivery,[512] even if the sound recording performance is exempt from liability under §114(d)(1)[513] or subject to a compulsory license under §114(f),[514] the transmitting entity must still obtain a license to reproduce and distribute the sound recording and musical work embodied in the phonorecord being delivered, as well as a license to publicly perform the musical work.[515]

5. Antitrust Implications

New §114(e) is intended to clarify the applicability of antitrust laws to the use of common agents for negotiations and agreements relating to compulsory licenses, such as those that govern subscription transmissions.[516] Like other antitrust exemptions under copyright law, §114(e)(1) allows sound recording copyright owners and operators of digital services to collectively negotiate and agree upon royalty rates, license terms, and conditions for sound recording performances, as well as the proportionate

507 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(3), 109 Stat. 336, 339 (codified as amended at 17 U.S.C. § 114(d)(4)(A) (Supp. IV 1998)).

508 *Id.* § 3(3), 109 Stat. at 339-40 (codified as amended at 17 U.S.C. § 114(d)(4)(B)(i) (Supp. IV 1998)).

509 *Id.* (codified as amended at 17 U.S.C. § 114(d)(4)(B)(ii) (Supp. IV 1998)).

510 *Id.* (codified as amended at 17 U.S.C. § 114(d)(4)(B)(iii) (Supp. IV 1998)).

511 *Id.* (codified as amended at 17 U.S.C. § 114(d)(4)(C) (Supp. IV 1998)).

512 *See generally infra* Section IV.C (describing digital phonorecord deliveries).

513 *See generally supra* Section IV.B.1 (discussing exempt transmissions).

514 *See generally supra* Section IV.B.2 (discussing compulsory license requirements).

515 *See* S. REP. No. 104-128, at 27 (1995), *reprinted in* 1995 U.S.C.C.A.N. 374.

516 *See id.*

division of royalties among the copyright owners.[517] Unlike typical copyright antitrust exemptions, however, the designation of common agents to negotiate, agree to, pay or receive royalty payments can only be made on a *nonexclusive* basis.[518] Congress felt that the nonexclusive requirement, which is not found in other antitrust exemptions, would preserve the possibility of direct licensing negotiations between individual copyright owners and the operators of digital transmission services.[519] In other words, Congress anticipated that non-exclusivity would help prevent copyright owners from using a common agent to demand usurious rates, because such demands might be circumvented through direct negotiations with individual copyright owners.[520]

Section 114(e)(2) provides a more limited exemption relating to non-compulsory licenses, such as those required for interactive transmissions or transmissions that exceed the SRPC.[521] This exemption allows copyright owners to designate common agents to grant licenses and receive and remit royalty payments, and allows operators of digital services to designate common agents to obtain licenses and collect and pay royalty fees.[522] However, §114(e)(2) does not permit either copyright owners or operators to jointly establish royalty rates or competitively important license terms and conditions.[523] Therefore, although the use of common agents for establishing rates and material license terms must conform to antitrust laws, common agents may be used for logistical licensing operations, which facilitates licensing by reducing transaction costs.[524] Furthermore, any common agent handling licensing arrangements could conform to the law by simply relaying rates and terms information to the owners and operators or by putting them in touch with each other for these negotiations.[525]

6. Compulsory License Terms for Qualifying Transmissions

New §114(f), as amended by the DMCA, governs proceedings for establishing terms and rates for the compulsory license imposed on qualify-

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517 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(4), 109 Stat. 336, 340 (codified as amended at 17 U.S.C. § 114(e)(1) (Supp. IV 1998)).

518 *Id.*

519 *See* S. REP. No. 104-128, at 28 (1995), *reprinted in* 1995 U.S.C.C.A.N. 375.

520 *See id.*

521 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(4), 109 Stat. 336, 340 (codified as amended at 17 U.S.C. § 114(e)(2) (Supp. IV 1998)).

522 *Id.* (codified as amended at 17 U.S.C. § 114(e)(2) (Supp. IV 1998)).

523 *See* S. REP. No. 104-128, at 28 (1995), *reprinted in* 1995 U.S.C.C.A.N. 375.

524 *See id.*

525 *See id.* at 38, 39, *reprinted in* 1995 U.S.C.C.A.N. 375, 376.

ing transmissions under §114(d)(2).[526] Section 114(f)(1) governs such proceedings for preexisting subscription services and DARS,[527] while §114(f)(2) governs such proceedings for eligible nonsubscription transmissions, subscription transmissions made by new subscription services, and subscription transmissions made by preexisting subscription services using a new transmission method.[528] Generally, this section lays out a scheme by which rates for the various types of transmissions are set either through voluntary agreement or through a CARP (Copyright Royalty Arbitration Panel), and repeated every five years after the year 2001 or upon petition by copyright owners or affected parties when new types of transmissions have been developed.[529]

7. Compulsory License Royalty Distribution

New §114(g), which was only technically amended by the DMCA, requires that compulsory license royalties be distributed to the artists who performed on the sound recording, and further governs how this distribution is made.[530] This section appears to be in response to the concerns of working musicians and vocalists (represented by AFTRA and AFM) as to technological displacement.[531] This section also answers one the NAB's arguments against a performance right in sound recordings, that any such right does not benefit the performers who need it the most.[532]

Specifically, §114(g) states that if the digital audio transmission is not controlled by the compulsory license under §114(f), the payments to the performers are determined by the applicable contract.[533] However, when royalties are received under a §114(f) compulsory license, the sound recording copyright owner is required to allocate 50% of the receipts as fol-

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526 Digital Millennium Copyright Act, Pub. L. No. 105-304, § 405(a)(2), 112 Stat. 2860, 2894-97 (1998) (codified as amended at 17 U.S.C. § 114(f) (Supp. IV 1998)).

527 *Id.* § 405(a)(2)(B)-(C), 112 Stat. at 2894-95 (codified as amended at 17 U.S.C. § 114(f)(1) (Supp. IV 1998)). In other words, DMX, Music Choice, Muzak, CD Radio, and XM Satellite Radio.

528 *Id.* § 405(a)(2)(C), 112 Stat. at 2895-97 (codified as amended at 17 U.S.C. § 114(f)(2) (Supp. IV 1998)).

529 *Id.* § 405(a)(2), 112 Stat. at 2894-97 (codified as amended at 17 U.S.C. § 114(f) (Supp. IV 1998)).

530 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(4), 109 Stat. 336, 342 (codified as amended at 17 U.S.C. § 114(g) (Supp. IV 1998)) (although technically amended by the DMCA, the DPRSRA is cited here because it contains the substantive language).

531 *See generally supra* Section III (discussing these concerns).

532 *See generally supra* Section III (discussing this argument).

533 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(4), 109 Stat. 336, 342 (codified as amended at 17 U.S.C. § 114(g)(1) (Supp. IV 1998)).

lows: two-and-a-half percent of the receipts are to be placed in an escrow account and distributed to non-featured musicians; two-and-a-half percent of the receipts are to be placed in an escrow account and distributed to non-featured vocalists; and 45% of the receipts are to be paid to the featured artist.[534] As noted above, the "featured" artist is the person or group most prominently connected with the phonorecord being performed.[535]

8. Licensing to Affiliates

New §114(h) ensures competitive licensing practices by licensors that own interest in an "affiliated entity" by directing that the licensing terms offered to non-affiliated entities that offer similar services to those of affiliated entities be "no less favorable" than the terms offered to such affiliates.[536] The DPRSRA defines an "affiliated entity" as "an entity engaging in digital audio transmissions covered by §106(6), other than an interactive service, in which the licensor has any direct or indirect partnership or any ownership interest amounting to 5% or more of the outstanding voting or non-voting stock."[537] Therefore, for example, if a licensor grants certain terms to a performing entity in which the licensor owns 10% of the stock, the licensor must also offer terms at least as favorable to other performing entities seeking a license for similar services. This section appears to be in response to DMX's concern that because its primary DAC competitor was vertically integrated with three of the world's largest record companies, it would not have access to competitive rates.[538]

This section does not forbid establishment of different rate structures, terms and conditions based on materially different services, however.[539] For example, if a licensor charges a particular rate for an affiliated cable service, the licensor can charge a different rate for a non-affiliated satellite service.[540] The Senate Report directs that the "distinctions drawn among licensees should be applied rationally and consistently based on the nature, scope and duration of the requested license, and not based on arbitrary distinctions for monopolistic, discriminatory or other anticompetitive purposes."[541]

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534 *Id.* § 3(4), 109 Stat. at 342-43 (codified as amended at 17 U.S.C. § 114(g)(2) (Supp. IV 1998)).

535 *See* S. REP. NO. 104-128, at 36 (1995), *reprinted in* 1995 U.S.C.C.A.N. 383.

536 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(4), 109 Stat. 336, 343 (codified as amended at 17 U.S.C. § 114(h) (Supp. IV 1998)).

537 *Id.* (codified as amended at 17 U.S.C. § 114(j)(1) (Supp. IV 1998)).

538 *See generally supra* note 317 and accompanying text.

539 *See* S. REP. NO. 104-128, at 32 (1995), *reprinted in* 1995 U.S.C.C.A.N. 379.

540 *See id.*

541 *Id.*

9. Effect on Musical Works Royalties

New §114(i) expresses Congress' intent that the new digital performance right not diminish the royalties paid to musical works copyright owners for public performances of their works, and states that licensing fees paid under the new digital performance right shall not be taken into account by any government proceeding that sets or adjusts rates for public performances of musical works (such as those described under §114(f) above).[542] This section appears to be in response to the publishers and songwriters concern that any royalties paid to sound recording copyright owners would diminish the royalties paid to them as musical works copyright owners.[543]

10. Definitions

New section 114(j), as amended by the DMCA, provides definitions of terms as described throughout this article.[544]

C. Digital Phonorecord Deliveries

Section 4 of the DPRSRA, "Mechanical Royalties in Digital Phonorecord Deliveries," amends §115 of title 17 to explain how the preexisting mechanical compulsory license for making and distributing phonorecords that embody musical works applies to certain types of digital transmissions identified as "digital phonorecord deliveries."[545] This section not only extends the compulsory license to musical works that are "made and distributed" via digital audio transmission, but also clarifies that such transmissions are indeed functionally equivalent to physical reproductions and distributions, which impacts sound recording copyright owners as well as musical works copyright owners.[546] In other words, "digital phonorecord deliveries" are the functional equivalent of a reproduc-

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542 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(4), 109 Stat. 336, 343 (codified as amended at 17 U.S.C. § 114(i) (Supp. IV 1998)).

543 *See* S. REP. NO. 104-128, at 32, 33 (1995), *reprinted in* 1995 U.S.C.C.A.N. 379, 380; *see also generally* Section III (discussing this concern).

544 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 3(4), 109 Stat. 336, 343-44 (codified as amended at 17 U.S.C. § 114(j) (Supp. IV 1998)).

545 *Id.* § 4, 109 Stat. at 344-48 (codified as amended in scattered sections of 17 U.S.C.).

546 *See* S. REP. NO. 104-128, at 37 (1995), *reprinted in* 1995 U.S.C.C.A.N. 384 ("Among other things, this section is intended to confirm and clarify the right of musical work and sound recording copyright owners to be protected against infringement when phonorecords embodying their works are delivered to consumers by means of transmissions rather than by means of phonorecord retail sales.").

tion and distribution of both the sound recording and the musical work embodied therein. Therefore, transmitters of transmissions which qualify as digital phonorecord deliveries must satisfy the compulsory licensing requirements for the "delivery" of the musical work, as well as obtain a voluntary license for the "delivery" of the sound recording.

The DPRSRA defines "digital phonorecord delivery" as "each individual delivery of a phonorecord by digital transmission of a sound recording which results in a specifically identifiable reproduction by or for any transmission recipient of a phonorecord of that sound recording, regardless of whether the digital transmission is also a public performance of the sound recording or any nondramatic musical work embodied therein."[547] In other words, when a digital audio transmission results in a specifically identifiable reproduction of the phonorecord being delivered, there has been a distribution and a reproduction of, as well as possibly a performance of, the phonorecord. Exactly what is required for a transmission to result in a "specifically identifiable reproduction" is somewhat debatable.

The plain language of the DPRSRA seems to indicate that whenever a copy of the transmitted phonorecord has been made "by or for" the recipient, and a copy of the phonorecord can be specifically identified, then a digital phonorecord delivery has been made. However, the Senate Report states that "the phrase 'specifically identifiable reproduction' . . . should be understood to mean a reproduction specifically identifiable to the transmission service," and that "the mere fact that a transmission recipient can make and identify a reproduction should not in itself cause a transmission to be considered a digital phonorecord delivery."[548] This language indicates that the transmitting entity must actually know (in other words, be able to specifically identify) that a reproduction is resulting from the transmission. For example, when a transmitting entity has provided a downloadable audio file, and a visitor to the Web site downloads that file, then a digital phonorecord delivery has occurred because the transmitting entity knows a download of that file has occurred, and therefore can specifically identify that a copy of that particular work has been made. However, if the receiving entity reproduces the phonorecord without the knowledge of the transmitter, even if the transmitting entity should know that a reproduction could easily be made, then the transmission is not considered a digital phonorecord delivery. This places the burden of identifying a transmission on the parties who benefit from such identification: Since a transmission service has no incentive to identify reproductions upon which it must pay royalties, the owner of the sound recording or

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547 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 4(5), 109 Stat. 336, 348 (codified as amended at 17 U.S.C. § 115(d) (Supp. IV 1998)).

548 S. REP. No. 104-128, at 44 (1995), *reprinted in* 1995 U.S.C.C.A.N. 391.

musical work must take self-help measures to assure identification, presumably by embedding identification codes in the phonorecord (such as Liquid Audio's watermarking scheme) or taking similar types of precautions.

The DPRSRA goes on to say "A digital phonorecord delivery does not result from a real-time, noninteractive subscription transmission of a sound recording where no reproduction of the sound recording or the musical work embodied therein is made from the inception of the transmission through to its receipt by the transmission recipient in order to make the sound recording audible."[549] This sentence indicates that the *reproduction* of the transmission must be able to be heard, rather the transmission itself, in order for the transmission to be considered specifically identifiable, which would exclude streaming audio.

The expansion of the §115 compulsory license is accomplished by changing the language of §§115(a)(1) and (c)(2) to reflect the intent that a compulsory license for making and distributing phonorecords embodying musical works not be limited to making and distributing physical phonorecords, but also for the making of digital phonorecord deliveries.[550] Congress envisioned a system by which the compulsory license could be obtained, and the mechanical royalty paid, either directly by the transmission making the digital phonorecord delivery or by the record company authorizing the delivery, thus potentially minimizing the burden on transmission services.[551] In other words, if the record company is licensing their own rights anyway, they could, for a negotiated fee, also license the mechanical rights in the phonorecord, thus saving the service considerable time and effort.

Section 4 of the DPRSRA also bumps old paragraphs three, four, and five of subsection (c) down one number and adds a new paragraph three.[552] New §115(c)(3)(A) specifically states that a compulsory license includes the right of the compulsory licensee to make or authorize digital phonorecord deliveries, and lays out the procedure for determining the statutory royalty rate for such deliveries (which section the rate is determined by depends on whether the delivery is made pre- or post-1998).[553] For any deliveries made after January 1, 1997, the rate is determined ac-

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549 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 4(5), 109 Stat. 336, 348 (codified as amended at 17 U.S.C. § 115(d) (Supp. IV 1998)).

550 *Id.* § 4(1)-(2), 109 Stat. at 344 (codified as amended at 17 U.S.C. §§ 115(a)(1), 115(c)(2) (Supp. IV 1998)).

551 *See* S. REP. No. 104-128, at 37 (1995), *reprinted in* 1995 U.S.C.C.A.N. 384.

552 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 4(3), 109 Stat. 336, 345 (codified as amended at 17 U.S.C. § 115(c) (Supp. IV 1998)).

553 *Id.* (codified as amended at 17 U.S.C. § 115(c)(3)(A) (Supp. IV 1998)).

cording to §§115(c)(2)(B)-(F) below.[554] New §115(c)(3)(B) clarifies the exemption from antitrust laws for collective negotiations and agreements, using language nearly identical to the language that adds new §114(e)(1) above.[555]

1. Incidental vs. General Deliveries

New §§115(c)(3)(C)-(F) govern proceedings for establishing compulsory license terms and rates for digital phonorecord deliveries, again laying out a scheme by which rates are set either through voluntary agreement or through a CARP, and repeated every five years.[556] It is important to note that two types of digital phonorecord deliveries are delineated by the DPRSRA, each with their own compulsory license rate.[557] The first type is general deliveries, as described above.[558] The second type is incidental deliveries, in which the specifically identifiable reproduction is incidental to the purpose of the transmission.[559] In other words, incidental deliveries have one statutory rate, and general deliveries have another statutory rate.

The term "incidental," as used elsewhere in the DPRSRA, would mean that the delivery is made for the purpose of facilitating a non-incidental delivery and not available to the general public.[560] Oddly enough, the Senate Report gives an example of an "incidental" delivery that looks like a description of streaming audio via the Internet.[561] This language seems to indicate that streaming audio creates what would be considered

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554 *Id.* (codified as amended at 17 U.S.C. § 115(c)(3)(A)(ii) (Supp. IV 1998)).

555 *Id.* (codified as amended at 17 U.S.C. § 115(c)(3)(B) (Supp. IV 1998)).

556 *Id.* § 4(3), 109 Stat. at 345-47 (codified as amended at 17 U.S.C. § 115(c)(3)(C)-(F) (Supp. IV 1998)).

557 *Id.* § 4(3), 109 Stat. at 345 (codified as amended at 17 U.S.C. § 115(c)(3)(C) (Supp. IV 1998)).

558 *Id.* (codified as amended at 17 U.S.C. § 115(c)(3)(C)(ii) (Supp. IV 1998)).

559 *Id.* (codified as amended at 17 U.S.C. § 115(c)(3)(C)(i) (Supp. IV 1998)); *see also* S. REP. NO. 104-128, at 39 (1995), *reprinted in* 1995 U.S.C.C.A.N. 386.

560 *See supra* Section IV.B.1.c.1 (discussing incidental transmissions as an exempt transmission).

561 S. REP. NO. 104-128, at 39 (1995), *reprinted in* 1995 U.S.C.C.A.N. 386. The Report states that "if a transmission system was designed to allow transmission recipients to hear sound recordings substantially at the time of transmission, but the sound recording was transmitted in a high-speed burst of data and stored in a computer memory for prompt playback (such storage being technically the making of a phonorecord), and the transmission recipient could not retain the phonorecord for playback on subsequent occasions (or for any other purpose), delivering the phonorecord to the transmission recipient would be incidental to the transmission." *Id.*

an incidental digital phonorecord delivery.[562] If this interpretation is correct, not only would streaming transmitters be required to pay the mechanical license fee for public performance of the musical work, but also the incidental compulsory license rate for the reproduction/distribution of the musical work, and possibly even a voluntary license fee for reproduction/transmission of the sound recording. However, as noted above, the definition of a digital phonorecord delivery indicates that an *audible* reproduction of the transmission must be created for the transmission to qualify as a digital phonorecord delivery,[563] which generally does not happen with streaming audio. This seems to be a more plausible interpretation in light of the Congressional intent to protect against lost sales, which streaming audio does not seem to threaten. However, it remains unclear what exactly qualifies as an incidental digital phonorecord delivery, or why incidental deliveries require a license at all, especially considering that transmissions incidental to an exempt transmission are also exempt.[564]

2. *Encoded Information*

New §115(c)(3)(G) states that digital phonorecord deliveries licensed under these sections must be accompanied by any information that was encoded in the sound recording under authority of author.[565] The language of this section is virtually identical to the language used in §114(d)(2)(e) concerning encoded information in subscription transmissions.[566]

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562 It appears that a streamed audio file's temporary storage in the recipient computer's RAM qualifies as a reproduction, even though the entire file is never likely stored at one time. It is as least arguable, however, that these reproductions are not specifically identifiable to the transmitting entity because the transmitter may not even know that a RAM copy is being made, especially if the transmitter is unfamiliar with the technical aspects of the Internet.

563 *See supra* notes 547-49 and accompanying text (discussing digital phonorecord deliveries).

564 The Senate Report gives another example of a potential incidental digital phonorecord delivery: "If such a system allowed transmission recipients to retain phonorecords for playback on subsequent occasions, but transmission recipients did not do so, delivering the phonorecords to the transmission recipients could be incidental to the transmissions." S. REP. No. 104-128, at 39 (1995), *reprinted in* 1995 U.S.C.C.A.N. 386.

565 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 4(3), 109 Stat. 336, 347 (codified as amended at 17 U.S.C. § 115(c)(3)(G) (Supp. IV 1998)).

566 *See supra* Section IV.C.2.e.

3. Confirmation of Rights

New §115(c)(3)(H)(i) states that a digital phonorecord delivery is actionable as an infringement unless: 1) the digital phonorecord delivery has been authorized by the owner of the sound recording copyright; and 2) the owner of the sound recording copyright or delivering entity has obtained a compulsory license or has otherwise been authorized by the owner of the musical work copyright owner to distribute the musical work.[567] Furthermore, new §115(c)(3)(H)(ii) states that any cause of action for unauthorized digital phonorecord deliveries is in addition to those available to the owner of musical work copyright owner for infringement of the public performance right as well as those available to the sound recording copyright owner for infringement of the new digital performance right.[568] This section serves to confirm that musical work and sound recording copyright owners have same rights to be protected against infringement via digital phonorecord delivery as they have against physical phonorecord distributions.[569] In other words, an unauthorized digital phonorecord delivery specifically implicates the reproduction/distribution rights of both the sound recording and musical work copyright owners, and potentially implicates both the preexisting public performance right of the musical work copyright owner and the new digital performance right of the sound recording copyright owner.

4. Sound Recording Copyright Owner Liability Limits

New §115(c)(3)(I) limits the liability of a sound recording copyright owner for digital phonorecord deliveries by third parties.[570] As discussed above, sound recording copyright owners authorizing digital phonorecord deliveries of their works can obtain compulsory licenses allowing the musical works embodied in the phonorecords to be delivered as well.[571] If sound recording copyright owners do so, they may be liable for the applicable mechanical royalty for third party deliveries made under their authorization, according to applicable law.[572] However, if sound recording

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567 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 4(3), 109 Stat. 336, 347 (codified as amended at 17 U.S.C. § 115(c)(3)(H)(i) (Supp. IV 1998)).

568 *Id.* (codified as amended at 17 U.S.C. § 115(c)(3)(H)(ii) (Supp. IV 1998)).

569 *See* S. REP. No. 104-128, at 43 (1995), *reprinted in* 1995 U.S.C.C.A.N. 390.

570 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 4(3), 109 Stat. 336, 347 (codified as amended at 17 U.S.C. § 115(c)(3)(I) (Supp. IV 1998)).

571 *See generally supra* Section IV.D.

572 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 4(3), 109 Stat. 336, 347 (codified as amended at 17 U.S.C. § 115(c)(3)(I) (Supp. IV 1998)).

copyright owners grant licenses for delivery of their sound recordings only, they cannot be held liable for infringement of the musical work being delivered.[573]

5. Rights Not Otherwise Limited

New §§115(c)(3)(J) and 115(c)(3)(K) reaffirm that §1008, which is the codified version of the AHRA, and §115, concerning the compulsory license for reproduction/distribution, do not limit the rights and remedies of copyright owners as described in the DPRSRA except as specifically stated.[574] In other words, for example, §1008 still prevents actions for infringement against the manufacturer of a digital audio recording device which may be capable of recording digital phonorecord deliveries, but does not prevent a sound recording copyright owner from bringing an infringement action against the transmitter of such deliveries.

6. Effect of Exempt Transmissions

It is clear that a single transmission may implicate both the public performance and reproduction/distribution rights of the copyrights in the phonorecord being transmitted.[575] However, it is less clear whether a transmission that is exempt from the new digital performance right can also be classified as a digital phonorecord delivery. New §115(c)(3)(L) offers two statements which are seemingly contradictory. The first statement is "[t]he provisions of this section concerning digital phonorecord deliveries shall not apply to any exempt transmissions or retransmissions under §114(d)(1)."[576] This statement implies that if a transmission is exempt under §114(d)(1) from the new digital performance right, then it is also exempt from digital phonorecord delivery status. The second statement is "[t]he exemptions created in §114(d)(1) do not expand or reduce the rights of copyright owners under §106(1) through (5) with respect to such transmissions."[577] This statement seems to imply that even if a transmission is exempt under §114(d)(1) from the new digital performance right, it may still qualify as a digital phonorecord delivery and thus implicate the sound recording owner's reproduction and distribution rights under §106(3). Furthermore, the definition of "digital phonorecord delivery" in-

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573 *Id.*

574 *Id.* § 4(3), 109 Stat. at 347-48 (codified as amended at 17 U.S.C. § 115(c)(3)(J)-(K) (Supp. IV 1998)).

575 *See supra* note 568 and accompanying text.

576 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 4(3), 109 Stat. 336, 348 (codified as amended at 17 U.S.C. § 115(c)(3)(L) (Supp. IV 1998)).

577 *Id.*

cludes the language "regardless of whether the digital transmission is also a public performance . . . ."[578]

The House and Senate Reports do offer some comments, but unfortunately these comments seem to further muck up the picture rather than clear it up. The Senate Report states, in describing new §114(d)(4)(C), that "where a digital audio transmission is a digital phonorecord delivery as well as a public performance of a sound recording, the fact that the public performance may be exempt from liability under §114(d)(1) or subject to statutory licensing under §114(f) does not in any way limit or impair the sound recording copyright owner's rights and remedies under §106(3) against the transmitter for the distribution of a phonorecord of the sound recording."[579] This statement implies that a digital phonorecord delivery is still a distribution of the sound recording, even if as a public performance it is exempt or qualifies for the new compulsory license. However, it is unclear why musical works are specifically not mentioned. The House Report states that "[this section] exclude[s] the *compulsory license* for digital phonorecord delivery from applicability to broadcast transmissions or retransmissions that are exempt under amended §114. Those broadcasts or transmissions will, however, remain subject to the existing exclusive rights of copyright owners."[580] This statement seems to imply that transmissions exempt under §114(d)(1) may still be considered digital phonorecord deliveries, but any musical works which are so delivered will not be subject to the compulsory license, and therefore must be individually negotiated.

So can exempt transmissions qualify as digital phonorecord deliveries or not? This remains a good question. The most reasonable interpretation, considering Congress' intent to protect against lost record sales, is that exempt transmissions cannot qualify as digital phonorecord deliveries. Transmissions purportedly qualify for exempt status primarily because they are unlikely to replace physical record sales.[581] Digital phonorecord deliveries specifically substitute for these lost physical sales. Therefore, it does not make sense for a transmission to qualify as both. Furthermore, currently known exempt transmissions,[582] such as DABs, do not qualify as digital phonorecord deliveries anyway, which renders the entire discussion moot to a certain extent.

This leaves one remaining potential controversy: does accepting the contention that digital phonorecord delivery status is specifically inappli-

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578 *See supra* note 547 and accompanying text (defining digital phonorecord deliveries).

579 S. REP. No. 104-128, at 27 (1995), *reprinted in* 1995 U.S.C.C.A.N. 374.

580 H.R. REP. No. 104-274, at 30 (1995) (emphasis added).

581 *See generally supra* Section III (discussing the legislative history of the DPRSRA).

582 *See generally supra* Section IV.B (discussing exempt transmissions).

cable to exempt transmissions indicate that all *non-exempt* transmissions *are* considered digital phonorecord deliveries? It could be argued that this implied contention is indeed the very purpose for this language. However, since not all non-exempt transmission result in a specifically identifiable reproduction, which is *specifically* required by the DPRSRA, this contention is likely statutorily unfounded.

7. Definition

New §115(d) defines "digital phonorecord delivery," as analyzed above.[583]

V. ANALYSIS MODEL

The following section is designed to provide a model for which digital audio transmissions may be analyzed under the DPRSRA, as amended by the DMCA. This model is based on the DPRSRA's division of digital audio transmissions into several categories and sub-categories, each potentially implicating various exclusive rights of the owners of the musical works and sound recordings embodied in the phonorecord being transmitted. It is important to emphasize that the DPRSRA categorizes digital audio transmissions in two different ways: First, it categorizes such transmissions for purposes of the newly-created digital public performance right for sound recording copyright owners: exempt or non-exempt, interactive or non-interactive, eligible for compulsory license or ineligible (Sections V.A.5 - V.A.7 below). Second, it categorizes such transmissions for purposes of the reproduction and distribution rights of both sound recording and musical work copyright owners: digital phonorecord delivery vs. non-digital phonorecord delivery (Section V.B below).

A. Performance Rights Analysis

1. Is There a Transmission?

The DPRSRA is only concerned with transmissions; there is no potential liability under the DPRSRA for other types of performances.[584] If there has been a transmission, it must be further analyzed as below .

2. Is the Transmission Digital?

The DPRSRA is only concerned with digital transmissions; there is no potential liability under the DPRSRA for analog transmissions, such as

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583 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, § 4(5), 109 Stat. 336, 348 (codified as amended at 17 U.S.C. § 115(d) (Supp. IV 1998)); see also *supra* Section IV.C (discussing digital phonorecord deliveries).

584 *See generally supra* notes 332-33 and accompanying text.

AM/FM broadcasts.[585] If there has been a digital transmission, it must be further analyzed as below.

3. Is the Digital Transmission of a Sound Recording?

The DPRSRA is only concerned with digital transmissions of sound recordings (in other words, digital audio transmissions); there is no potential liability under the DPRSRA for transmissions, for example, of audiovisual works.[586] If there has been a digital audio transmission, it must be further analyzed as below.

4. Is the Digital Audio Transmission of a Public Performance?

Digital audio transmissions that constitute public performances implicate the preexisting public performance right of musical work copyright owners, and further implicate the new public performance right for sound recording copyright owners unless exempt (Section V.5 below).[587] Digital audio transmissions that are not public performances do not implicate either the preexisting public performance right of musical work copyright owners or the new public performance right for sound recording copyright owners.[588] Licenses for public performances of musical works are generally obtained from the appropriate PRO; what type of license is available under the new sound recording public performance right depends on how the transmission is categorized as below (Sections V.A.6 and V.A.7 below).

5. Is the Digital Audio Transmission Exempt?

Section 114(d)(1) exempts certain types of digital audio transmissions/retransmissions.[589] Exempt digital audio transmissions do not implicate the new public performance right for sound recording copyright owners, although such exempt status does not affect the preexisting public performance right of musical work copyright owners. If the digital audio transmission in question is not exempt, it must be further analyzed as below.

6. Is the Digital Audio Transmission an Interactive Transmission?

Categorizing non-exempt digital audio transmissions as to public performance rights starts with a division as to interactivity: digital audio trans-

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[585] *See generally supra* notes 332, 334 and accompanying text.
[586] *See generally supra* notes 332, 335 and accompanying text
[587] *See generally supra* note 336 and accompanying text.
[588] *See generally supra* note 336 and accompanying text.
[589] *See generally supra* Section IV.B.1 (discussing exempt transmissions).

missions that are part of an interactive service, and those that are not.[590] As to musical works, whether the transmission is interactive or not is irrelevant; if the transmission constitutes a public performance, then a license must be obtained through the appropriate PRO. As to sound recordings, interactive transmissions implicate the new public performance right, and voluntary licenses must be negotiated with the sound recording copyright owners. Digital audio transmissions that are not part of an interactive service must be further analyzed as below.

7. *Does the Digital Audio Transmission Qualify for the Compulsory License?*

Noninteractive digital audio transmissions are further divided into two subcategories: those that qualify for the compulsory license and those that do not.[591] As to musical works, whether the transmission qualifies or not is again irrelevant; if the transmission constitutes a public performance, then a license must be obtained. As to sound recordings, both qualifying transmissions and non-qualifying transmissions implicate the new public performance right, but are treated differently according to whether they qualify or not. Qualifying transmissions are entitled to a compulsory license. However, non-qualifying transmissions are not entitled to a compulsory license, and therefore voluntary licenses must be negotiated with the sound recording copyright owners.

B. *Reproduction/Distribution Rights Analysis: Is the Digital Audio Transmission a Digital Phonorecord Delivery?*

The division of digital audio transmissions as to reproduction/distribution rights is into two categories: transmissions that result in a specifically identified reproduction of the phonorecord being transmitted (digital phonorecord deliveries), and those that don't.[592] Digital phonorecord deliveries, as the functional equivalent of physical phonorecord deliveries, implicate the reproduction and distribution rights of the copyright owners of both the musical work and sound recording embodied in the phonorecord being digitally delivered. If a transmission does not constitute a digital phonorecord delivery, then no reproduction or distribution rights are implicated. The standard mechanical compulsory license is available for digital deliveries of musical works, but a voluntary license must be negotiated with the owners of sound recording copyrights.

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590 *See generally supra* Section IV.B.3 (discussing interactive transmissions).

591 *See generally supra* Section IV.B.2 (discussing the compulsory license for certain transmissions).

592 *See generally supra* Section IV.C (discussing digital phonorecord deliveries).

C. *Examples*

As noted above, the analysis as to public performance rights and the analysis as to reproduction/distribution rights are separate and distinct analyses. In other words, a single transmission should be analyzed as to implication of the public performance rights (*i.e.*, the new digital performance right in the sound recording and the preexisting public performance right in the musical work) as well as the reproduction/distribution rights in both the sound recording and musical work. By way of illustration, consider some of the digital transmission technologies discussed in Section II.C.2.

1. *DAB*

Typical terrestrial DAB transmissions of songs,[593] being essentially the digital equivalent of AM/FM broadcasts, will qualify as digital audio transmissions,[594] and will be considered public performances.[595] However, they generally will be exempt from the new digital performance right under §114(d)(1)(A) as nonsubscription broadcast transmissions.[596] Therefore, DAB transmitters will only be responsible for obtaining licenses from the appropriate PROs for the public performances of the musical works, just as if they were broadcasting analog. Since DAB broadcasts will not result in reproductions that are "specifically identifiable" to the broadcasters, these transmissions generally will not qualify as digital phonorecord deliveries.[597] Therefore, no reproduction/distribution rights will be implicated.

2. *DARS*

As currently planned, the two DARS services will charge a monthly fee for their subscription programming.[598] Their transmissions, like DAB terrestrial broadcasts, will qualify as digital audio transmissions[599] and will constitute public performances.[600] However, unlike DAB terrestrial broadcasts, they generally will not be exempt because they will be considered subscription services.[601] They most likely will not be interactive, in

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593 *See generally supra* Section II.C.2.a (discussing DAB).
594 *See generally supra* note 332 (defining "digital audio transmission").
595 *See generally supra* note 45 (defining "public performance").
596 *See generally supra* Section IV.B.1.a (discussing the nonsubscription broadcast exemption).
597 *See generally supra* Section IV.C (discussing digital phonorecord deliveries).
598 *See generally supra* Section II.C.2.b (discussing DARS).
599 *See generally supra* note 332 (defining "digital audio transmission").
600 *See generally supra* note 45 (defining "public performance").
601 *See generally supra* Section IV.B.1 (discussing exempt transmissions); note 358 (defining "subscription transmission").

that subscribers will merely choose between various types of preset channels rather than selecting specific songs.[602] They will be categorized as subscription transmissions made by preexisting DARS services, and therefore will qualify for the new digital performance right compulsory license, as long as they satisfy the five associated compulsory license requirements.[603] Of course, these transmissions will also be subject to the preexisting public performance right of the musical works, and the DARS services will therefore be responsible for obtaining licenses from the appropriate PROs for the public performances of the musical works. Since DARS broadcasts will not likely result in reproductions that are "specifically identifiable" to the broadcasters, these transmissions generally will not qualify as digital phonorecord deliveries.[604] Therefore, no reproduction/distribution rights will be implicated.

3. DAC

DAC transmissions[605] typically fall into two categories: transmissions to private homes and transmissions to business establishments. Both types are digital transmissions of sound recordings,[606] and do qualify as public performances.[607] DAC transmissions to business establishments are exempt from the new digital performance right under new §114(d)(1)(C)(iv) as long as they satisfy the four associated requirements.[608] DAC transmissions to private homes are not exempt[609] nor interactive,[610] but may qualify for the new digital performance right compulsory license. If the DAC is a preexisting service using the same transmission method, their transmissions qualify for the new digital performance right compulsory license, as long as they satisfy the five associated compulsory license requirements.[611] If the service is a new DAC or using a new transmission method, there are

602 *See generally supra* Section IV.B.3 (discussing interactive transmissions).

603 *See generally supra* note 410 (defining "preexisting satellite digital audio radio service" [i.e., preexisting DARS]); Sections IV.B.2.a-b (discussing compulsory license requirements for preexisting DARS).

604 *See generally supra* Section IV.C (discussing digital phonorecord deliveries).

605 *See generally supra* Section II.C.2.c (discussing DAC).

606 *See generally supra* note 332 (defining "digital audio transmission").

607 *See generally supra* note 45 (defining "public performance").

608 *See generally supra* Section IV.B.1.c.4) (discussing the business transmissions exemption).

609 *See generally supra* Section IV.B.1 (discussing exempt transmissions).

610 *See generally supra* Section IV.B.3 (discussing interactive transmissions).

611 *See generally supra* note 409 (defining "preexisting subscription services"); Sections IV.B.2.a-b (discussing compulsory license requirements for preexisting subscription services).

twelve associated requirements to qualify for a compulsory license.[612] If the DAC transmissions do not qualify under either one of these two sets of requirements, the transmitter must obtain a voluntary license from the owner of the sound recording copyright to satisfy the new digital performance right. In any case, DAC services will be responsible for obtaining licenses from the appropriate PROs for the public performances of the musical works. Like DARS transmissions, DAC transmissions do not result in reproductions that are "specifically identifiable" to the transmitters.[613] Therefore, no reproduction/distribution rights are implicated.

4. The Internet

a. Streaming

Analysis here is problematic due not only to the complexity of the rules, but also because of interpretation issues and the pace at which the technology is evolving. Two types of streaming[614] are common over the Internet: webcasting, which is essentially Internet radio, and posting, which allows Web site visitors to hear an audio file posted on a Web site by "opening" it. Posting is commonly used to preview music for promotional purposes. For example, a Web site selling downloadable digital audio files will often allow you to hear part of the song before you download it. Both types of streaming certainly qualify as digital transmissions of any sound recordings being transmitted.[615] Does streaming a song qualify as a public performance?[616] It certainly appears to qualify as a performance; even if the sound recording is not technically being "played," it is almost certainly being "render[ed] . . . by means of any device or process."[617] Furthermore, both webcasting and posting a streaming file for playback by members of the general public via a Web site likely constitute *public* performances, since the performance has been "transmit[ed] . . . to the public . . . whether the members of the public capable of receiving the performance . . . receive the performance in the same place or in separate places and at the same time or at different times."[618] However, limiting access of a streaming file to a single individual, for example, would not likely be a public performance because it is not transmitted to the public.[619]

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612 *See generally supra* Sections IV.B.2.a, IV.B.2.c (discussing compulsory license requirements for new subscription services and preexisting subscription services using a new transmission method).

613 *See generally supra* Section IV.C (discussing digital phonorecord deliveries).

614 *See generally supra* Section II.C.2.d (discussing Internet transmissions).

615 *See generally supra* note 332 (defining "digital audio transmission").

616 *See generally supra* note 45 (defining "public performance").

617 *See supra* note 45 (defining "public performance").

618 *See supra* note 45 (defining "public performance").

619 *See generally supra* note 45 (defining "public performance").

Webcasting, the most common type of streaming audio, is not likely exempt.[620] Although webcasters could certainly argue that their services are virtually the same as those of exempt nonsubscription broadcasters, they simply are not generally qualified as "terrestrial broadcast station[s] licensed as such by the FCC,"[621] and do not satisfy the locality requirements to qualify as retransmissions of nonsubscription broadcast transmissions, at least if they are retransmitting non-public radio stations.[622] Furthermore, there is evidence that Congress specifically added the "eligible nonsubscription transmissions" category to the compulsory license section in the DMCA.[623]

Webcasting would also not likely be considered interactive, because webcasters, like broadcasters, typically do not create programs specifically upon request.[624] If the webcaster satisfies the twelve requirements for eligible nonsubscription transmissions, then the transmissions qualify for the new digital performance right compulsory license.[625] If not, the transmitter must obtain voluntary licenses from the owners of the copyrights of the sound recordings being transmitted to satisfy the new digital performance right. A posted streamed file is also not exempt,[626] but does appear to be interactive. When Web site visitors open a posted streaming audio file, they are initiating "a transmission of a particular sound recording . . . which is selected by or on behalf of the recipient."[627] Therefore, the transmitter must obtain a voluntary license from the owner of the sound recording copyright to satisfy the new digital performance right. For both types of streaming, the transmitter is responsible for obtaining licenses

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620 *See generally supra* Section IV.B.1 (discussing exempt transmissions).

621 *See supra* Section IV.B.1.a (discussing the nonsubscription broadcast transmission exemption).

622 *See generally supra* Section IV.B.1.b (discussing the retransmissions of nonsubscription broadcast transmissions exemption).

623 The Conference Report states that the exemptions section was amended in part because of confusion as to the application of the [DPRSRA] to certain nonsubscription services (especially *webcasters*)." H.R. CONF. REP. NO. 105-796, at 80 (1998), *reprinted in* 1998 U.S.C.C.A.N. 656 (emphasis added). Furthermore, The U.S. Copyright Office, in its summary of the DMCA, states that the DMCA "amends the [DPRSRA], expanding the statutory license for subscription transmissions to include webcasting as a new category of 'eligible nonsubscription transmissions.'" U.S. COPYRIGHT OFFICE, THE DIGITAL MILLENNIUM COPYRIGHT ACT OF 1998: U.S. COPYRIGHT OFFICE SUMMARY 16 (1998).

624 *See generally supra* note 355 (defining "interactive service"); Section IV.B.3 (discussing interactive transmissions).

625 *See generally supra* Sections IV.B.2.a and IV.B.2.c (discussing compulsory license requirements for eligible nonsubscription services).

626 *See generally supra* Section IV.B.1 (discussing exempt transmissions).

627 *See supra* note 355 (defining "interactive service"); *see also generally* Section IV.B.3 (discussing interactive transmissions).

from the appropriate PROs for the public performances of the musical works.

As for the digital phonorecord delivery status, there is a possibility that the streamed transmission in question may be considered an incidental delivery, even if no usable reproduction is created.[628] If so, the transmitter will also be responsible for paying the incidental compulsory license fee for reproduction/distribution the musical work, and possibly even a voluntary license fee for reproduction/distribution of the sound recording. Furthermore, posted streaming files may even qualify for full, or general, digital phonorecord delivery status,[629] because these files are typically of a size (*i.e.*, small enough) such that a specifically recognizable reproduction is possible. In this case, the transmitter will be responsible for paying both the incidental compulsory license fee for reproduction/distribution the musical work and a voluntary license fee for reproduction/distribution of the sound recording.

b. Downloadable Files

Downloadable files[630] are digital audio files that are typically posted on a Web site and available for downloading by the public, often for a fee. As such, they qualify as digital audio transmissions when downloaded.[631] A very important question here is whether or not a download of a digital audio file constitutes a public performance.[632]

From a practical standpoint, it would seem that downloading a digital audio file in exchange for consideration is too analogous to a traditional phonorecord sale to be considered a public performance, and should be treated solely as a digital phonorecord delivery. This argument sounds reasonable, and it certainly does not seem entirely fair to subject download transmitters to both public performance and reproduction/distribution fees. On the other hand, specific application of statutory definition is ambiguous at best. It could be argued that when the transmitter's computer responds to a download request for a digital audio file, it is "performing" the work embodied in the file ("to recite, render, play, dance, or act it, either directly or by means of any device or process"[633]) "publicly" ("to the public, by means of any device or process, whether the members of the public capable of receiving the performance . . . in the same place or in

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628 *See generally supra* Section IV.C (discussing digital phonorecord deliveries in general); Section IV.C.1 (discussing incidental digital phonorecord deliveries specifically).

629 *See generally supra* Section IV.C (discussing digital phonorecord deliveries).

630 *See generally supra* Section II.C.2.d (discussing Internet transmissions).

631 *See generally supra* note 332 (defining "digital audio transmission").

632 *See generally supra* note 45 (defining "public performance").

633 *See supra* note 45 (defining "public performance").

separate places and at the same time or at different times"[634]). The best argument for qualifying the transmission as a "performance" would be that the work is being "rendered."[635]

This position is supported by the legislative history of the DPRSRA, which indicates that digital audio file downloads may indeed be considered public performances: "Under existing . . . law, the transmission . . . to the public of a musical work constitutes a public performance of that musical work. In addition, the digital reproduction by or for the transmission recipient . . . implicates the exclusive rights to reproduce and distribute the sound recording and the musical work embodied therein. New technological uses . . . require an affirmation of the existing copyright principles and application of those principles to the digital transmission of sound recordings."[636] However, it could also be argued that the transmission is not a performance at all, since neither the musical work nor the sound recording can be perceived during transmission. In other words, as noted above, the song is being delivered rather than *performed* in the classic sense of the word. In this case, the works are not "performed"[637] until the digital audio file is actually played and heard by the recipient, in which case the performance in most instances would not be considered "public."[638]

If downloadable audio files are *not* considered public performances, then neither the new digital performance right in sound recordings nor the preexisting public performance right in musical works is implicated. If these files *are* considered public performances, then it appears they would be classified as interactive transmissions, since a downloadable file is "a transmission of a particular sound recording . . . which is selected by or on behalf of the recipient."[639] Therefore, the transmitter must obtain voluntary licenses from the owners of the sound recording copyrights to satisfy the new digital performance right, and is also responsible for obtaining licenses from the appropriate PROs for the public performances of the musical works. Furthermore, downloadable audio files almost certainly qualify as digital phonorecord deliveries,[640] being the functional equivalent of physical phonorecord deliveries. As such, the transmitter is responsible for obtaining voluntary licenses for the reproduction/distribu-

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634 *See supra* note 45 (defining "public performance").

635 Unless applied to pig fat, "render" is a fairly ambiguous word. According to *Webster's New American Dictionary*, definitions include "to give to another," "to give in return," and "to do (a service) for another." WEBSTER'S NEW AMERICAN DICTIONARY 442 (1995).

636 H.R. REP. NO. 104-274, at 22 (1995).

637 *See generally supra* note 45 (defining "public performance").

638 *See generally supra* note 45 (defining "public performance").

639 *See supra* note 355 (defining "interactive service"); *see also generally* Section IV.B.3 (discussing interactive transmissions).

640 *See generally supra* Section IV.C (discussing digital phonorecord deliveries).

tion of the sound recordings, and paying the mechanical compulsory license fees for the reproduction/distribution of the musical works.

VI. CONCLUSION

So how does this complex body of law, taken as a whole, affect the tension between owner's rights and public access inherent in copyright law? It could be argued surprisingly little. Although sound recording copyright owners appear at first glance to have made significant advances, they certainly did not achieve the full performance right they have sought for so long. The digital performance right is riddled with exemptions, most notably the broadcast exemption. The law, not to mention the technology being regulated, is so complex that practical application by lay musicians, or even businesses, is nearly impossible. Furthermore, the rapid changes in technology may soon render many sections of the law obsolete before it can even be applied. However, the important fact that sound recording copyright owners finally have their "foot in the door" as to a public performance right cannot be overlooked. How far they can advance their cause, either in court or through further legislation, remains to be seen.

PART IV

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

United States

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Group Registration of Newspapers and Newsletters on Form G/DN. This circular replaces Circulars 62b and 62c. The new circular and all informational circulars are available from Fax-on-Demand at (202) 707-2600; by telephone 24 hours a day from the Forms and Publications Hotline at (202) 707-9100; by mail from Library of Congress, Copyright Office, Publications Section, LM-455, 101 Independence Ave., S.E., Washington, D.C. 20559-6000; or over the Internet at the Copyright Office Website at http://www.loc.gov/copyright. All circulars and copyright applications forms, including Form G/DN, are available on the Copyright Office Website.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Rulemaking on Exemptions from Prohibition on Circumvention of Technological Measures that Control Access to Copyrighted Works — Comments Now on Web. Initial written comments in this rulemaking were due February 17, 2000. The Office received 235 comments. All 235 comments are now available at http://www.loc.gov/copyright/1201/comments for viewing and downloading. Copies of comments are also now available for inspection and copying at the Copyright Office. Please note that two additional comments (#234 and #235) were added to the site on February 29, 2000, after being found to be in compliance with all Office deadlines and requirements.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Copyright Office Receives 129 Reply Comments in Section 1201(a)(1) Rulemaking.The Copyright Office has received 129 reply comments in response to the 235 Initial Comments submitted in the Section 1201(a)(1) Rulemaking on the possible exemption to prohibition on circumvention of copyright protection systems for access control technologies. The reply comments were due on March 31, 2000. All reply comments are now posted at http://lcweb.loc.gov/copyright/1201/comments/reply/index.html. Initial comments are also available online at: http://lcweb.loc.gov/copyright/1201/comments/index.html. For more information on this rulemaking, see: http://www.loc.gov/copyright/1201/anticirc.html.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Copyright Office Publishes Title 17 of the United States Code. The newly updated Circular 92 — *Copyright Law of the United States of America and Related Laws Contained in Title 17 of the United States Code* — is now available and may be ordered from the Government Printing Office. This volume incorporates all amendments to title 17 enacted through the end of the first session of the 106th Congress in 1999. It includes the Copyright Act of 1976 and all subsequent amendments to the copyright law; the Semiconductor Chip Protection Act of 1984, as amended; and the Vessel Hull Design Protection Act, as amended. The U.S. copyright law is contained in chapters 1 through 8 and 10 through 12. Chapters 9 (the Semiconductor Chip Protection Act of 1984) and 13 (the Vessel Hull Design Protection Act) contain statutory protection that is independent of copyright protection.

Circular 92 is available at a cost of $14 from: Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15250-7954. Request stock number 030-002-00195-1. The Government Printing Office Order Desk telephone is (202) 512-1800. The GPO Fax number is (202) 512-2250. Checks, GPO Deposit Account, Visa, and MasterCard are accepted.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Circular 92 Posted to Copyright Office Website. The newly updated Circular 92, *Copyright Law of the United States of America and Related Laws Contained in Title 17 of the United States Code,* has been posted to the Copyright Office Website in PDF version. View the document at http://www.loc.gov/copyright/title17.

This document is revised to April 2000 and incorporates all amendments to title 17 enacted through the end of the first session of the 106th Congress in 1999. It includes the Copyright Act of 1976 and all subsequent amendments to the copyright law; the Semiconductor Chip Protection Act of 1984, as amended; and the Vessel Hull Design Protection Act, as amended. The U.S. copyright law is contained in chapters 1 through 8 and 10 through 12. Chapters 9 (the Semiconductor Chip Protection Act of 1984) and 13 (the Vessel Hull Design Protection Act) contain statutory protection that is independent of copyright protection.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

37 C.F.R. Parts 203, 204, 251, 256, 257, 259, 260. Copyright Office Makes Technical Amendments to Regulations. Federal Register, vol. 65, no. 125 (June 28, 2000), pp. 39,819-20. The Copyright Office periodically reviews its regulations as published in the *Code of Federal Regulations* to correct minor and typographical errors in the published text. The Office

has identified such errors in the currently published rules and makes corrections now. In addition, some corrections, such as the time allotted an agency to respond to a request under the Privacy Act, and the time in which an appeal must receive response, are changes made to conform the Office's regulations to the Privacy Act of 1974, which is part of the Administrative Procedure Act, 5 U.S.C. 552(a).

The following sections are being amended: Secs. 203.3(a); 203.3(b)(2); 203.3(g); 203.4(c); 203.4(d); 203.4(f); 203.4(g); 204.4(a); 204.4(c); 204.5(a); 204.5(c); 204.7(a); 204.7(b); 204.8(a); and 204.8(b).

U.S. Library of Congress. Copyright Office

37 C.F.R. Parts 201 and 202. Copyright Office Makes Technical Amendments to Regulations Governing Registration of Claims to Copyright. Federal Register, vol. 65, no. 125 (June 28, 2000), pp. 39,818-19. The Copyright Office conducted an extensive review of Parts 201 and 202 of its regulations. As a result, the Office is updating and correcting minor errors in the text of these parts as published in the *Code of Federal Regulations*.

U.S. Library of Congress. Copyright Office

Register of Copyrights Testifies at June 15 House Subcommittee Hearing. On June 15, Register of Copyrights Marybeth Peters testified before the Subcommittee on Courts and Intellectual Property of the House Committee on the Judiciary. The hearing concerned "Copyrighted Webcast Programming on the Internet." She reiterated the Office's opposition to compulsory licenses for the Internet. She said, "We believe copyright owners should be allowed to exercise the full complement of exclusive rights granted them by the copyright law; we also believe that the marketplace should decide the price and the terms of the licensing of those rights. These principles are fully applicable to retransmissions of television broadcast stations over the Internet."

U.S. Library of Congress. Copyright Office

37 C.F.R. Part 201. Office Corrects Errors in URAA Notices of Intent to Enforce Restored Copyrights and Issues Policy Statement. Federal Register, vol. 65, no. 148 (Aug. 1, 2000), p. 46,873. The Copyright Office corrected certain errors in the filing and recordation of notices of intent to enforce restored copyrights under the Uruguay Round Agreements Act and issued a policy decision permitting a certain administrative correction.

Pursuant to regulation, the Copyright Office published a copyright owner's correction of an NIE. Also, as a result of a policy decision, the Office administratively corrected a Group NIE. Where the Office has omitted titles from a Group NIE record because the authorship was not identical, the Copyright Office will, upon notification, amend the record to

reflect the omitted titles if the group of works had one or more common authors. The titles will be published in the *Federal Register* on the next scheduled four-month publication date. The next projected date is December 1, 2000.

U.S. Library of Congress. Copyright Office

Register of Copyrights Testifies at House Subcommittee Hearing. Register of Copyrights Marybeth Peters testified July 27 before the House Subcommittee on Courts and Intellectual Property on the subject of state sovereign immunity and protection of intellectual property. The Register provided the Subcommittee with background on the Supreme Court's recent rulings affirming the states' sovereign immunity in intellectual property suits and expressed her support for a legislative solution that would prospectively strip a State's intellectual property of protection unless that State waived its sovereign immunity for intellectual property suits in federal court. She concluded, "Congress should use the tools it has to prevent the successful assertion of state sovereign immunity where it has become a tool of injustice."

U.S. Library of Congress. Copyright Office

37 C.F.R. Parts 201, 202, and 204. Copyright Office Publishes Nonsubstantive Technical Amendments. Federal Register, vol. 65, no. 155 (Aug. 10, 2000), pp. 48,913-14. The Copyright Office reviewed its regulations and on June 28, 2000, published nonsubstantive technical amendments that updated and made minor corrections to the agency's rules (65 Federal Register 39,818). The Office now makes additional clarifying technical amendments in 37 C.F.R. 201 and 202 and makes a correction in 37 C.F.R. 204 that was inadvertently overlooked in the June 28 document.

U.S. Library of Congress. Copyright Office

Copyright Office Posts Comments on DMCA Study. Section 104 of the Digital Millennium Copyright Act (DMCA) directs the Register of Copyrights and the Assistant Secretary of Commerce for Communications and Information to prepare a report for the Congress examining the effects of the amendments made by title 17 of the DMCA and the development of electronic commerce on the operation of sections 109 and 117 of title 17, United States Code, and the relationship between existing and emerging technology and the operation of such sections. The Copyright Office has posted copies of all written comments on its Website. For the complete text of the comments, visit the Copyright Office Website at http://www.loc.gov/copyright/reports/studies/dmca/dmca_study.html.

PART V

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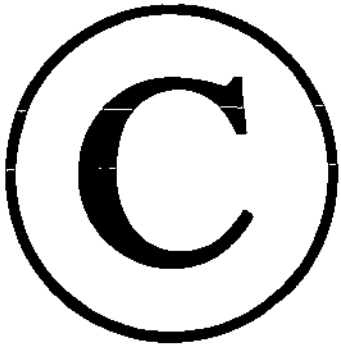
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FROM THE DESK OF THE EDITOR-IN-CHIEF

For the first time, the midyear meeting of the Copyright Society of the U.S.A. was held outside of the United States. London played host to the meeting in February 2001. English hospitality and history made this a memorable event. To celebrate this first, but surely not last, overseas meeting, this, the Third Issue of Volume 48 of the *Journal*, is devoted to articles by authors from other countries. Our authors are from Canada, the United Kingdom and France.

This issue begins with the delightful copyright tour of London as presented in the February 16 Luncheon Address by Professor Adrian Sterling.

In the Introduction of *Great Britain and the Signing of the Berne Convention in 1886*, authors Lionel Bently and Brad Sherman note that "*The Berne Convention on the Protection of Literary and Artistic Works* occupies a prominent place in international intellectual property law." Their article focuses on the history of Great Britain's involvement in the formation and signing of the first version of the convention in 1886. In their revisit to history they emphasize that "the emergence of Berne was not the inevitable outcome of a particular economic or cultural logic, nor was it an exercise in compromise of previously articulated principles, or previously established traditions."

In *Authorization Revisited*, Ysolde Gendreau opines that "Despite its breakdown in as many 'sub-rights' as there are 'main' rights the right to authorize is nevertheless a notional entity whose fundamental underpinnings remain constant" but that "those underpinnings remain difficult to grasp even though the right has been part of the [Canadian] *Copyright Act* since 1921." She observes that "There seems to be a conceptual blockage that is hard to surmount." The author examines "the reasons for this difficulty in Canadian copyright law."

In *Copyright in the EU and U.S.: What "Access-Right"?*, Thomas Heide states "Whether copyright contains an 'access-right' is fast becoming a ripe issue." His article "seeks to show that the traditional rights under copyright have not contained and still do not contain an 'access-right' and that the issue of the 'access-right' is instead one of characterisation." "He further states "the recent inclusion of the 'access-right' within copyright does not represent an evolution of copyright to extend to new forms of exploitation but rather the incorporation of a completely new rights structure into copyright law."

In *Author's Right as Property: Old and New Theories*, Pascal Kamina addresses the theoretical underpinnings of intellectual property law. He states that "the existence of a clear theory on the nature of intellectual property could help the development of a real scientific theory of intellectual property, on the model of the one developed for other properties." He goes on the say that "new theories have emerged in France in the last twenty years which . . . could have an influence on the development of a science of intellectual property in the coming years." The objective of the article is "to expose and discuss them within the context of the general debate on the nature of author's right and intellectual property in France."

In *Y2K Canada — The Year in Review*, Canadian attorney Andrea Rush "focuses on the ebbs and flows of copyright — its scope, by reference to recent decisions of Canadian federal and provincial courts." Included in the article is a discussion of the "monumental decision of the Copyright Board concerning telecommunication of musical works over the Internet."

The title of Irini A. Stamatoudi's article asks the question, *Are Sophisticated Multimedia Works Comparable to Video Games?* The author observes that "Throughout the world's copyright laws there are no specific provisions for the protection of multimedia products." She examines the extent to which the solution of copyright issues with respect to video games "can also be applied to advanced forms of multimedia works or whether we are in need of a new piece of legislation which will take into account the particularities of these advanced forms of multimedia works and correspond to their particular needs."

As always, your comments and suggestions are welcome: Ph: 718-990-6005. Fax: 718-990-6649. E-mail: beardj@stjohns.edu [note this is a new e-mail address].

Joseph J. Beard
Editor-in-Chief

PART I

LUNCHEON ADDRESS TO THE COPYRIGHT SOCIETY
Mid-Winter Meeting
February 16, 2001
Adrian Sterling*
Royal Garden Hotel, London

A COPYRIGHT LAWYER'S VIEW FROM THE ROYAL GARDEN

Mr. President, Ladies and Gentlemen. It is a very great pleasure and privilege for me to be addressing you today, and I thank you for the opportunity to be here at your International Meeting.

I thought I would start by mentioning something about our copyright family in the United Kingdom. The official department which is responsible for copyright is the Copyright Directorate of the Patent Office.[1] The Directorate deals with copyright issues arising in the United Kingdom in the legislative area, and its officers also represent the United Kingdom at meetings of the European Community and International Conferences concerning copyright. The Copyright Directorate regularly receives submissions from parties interested in copyright matters, and frequently holds consultation sessions in the process of seeking common ground for presentation to Parliament when copyright legislation is under consideration.

At the unofficial level, we have a number of organisations representing copyright interests. There are the collecting societies which administer reproduction and performing rights of copyright owners, and other rights. Then there are the organisations which represent their members but do not engage in administration activities. Among these I would mention the British Copyright Council, which has as its members some thirty organisations representing creators of original literary, dramatic, musical and artistic works, publishers and performers. In this very month the British Copyright Council is taking the initiative to propose the establishment of a forum to bring together representatives of all copyright owners in the U.K.[2]

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*Professorial Fellow, Queen Mary College, Visiting Professor, King's College, University of London.

[1] 13-15 Bouverie Street, London, EC4.

[2] Under the United Kingdom Copyright, Designs and Patents Act 1988 ("the 1988 Act"), authors of original literary, dramatic, musical and artistic works,

Then we have the British Literary and Artistic Copyright Association (BLACA). This is the British group of the Association Littéraire et Artistique Internationale (ALAI), and anyone interested in copyright can join: we hold meetings every two months, at which current copyright matters are the subject of addresses and discussion. As one of the two Vice-Chairmen of BLACA I am here to express a very warm welcome to you all and to say that we look forward to building up contact with you. Our members will be glad to render you any assistance which they can during your stay in London.

THE VIEW FROM THE ROYAL GARDEN

As we know, copyright surrounds us from the moment we awake and switch on the news to the moment we turn off the television at night. Geographically speaking, there is plenty of copyright around us here in London. From the Royal Garden Hotel we can see Kensington Palace nearby, where Queen Victoria was born and from where she ascended the throne in 1837. As copyright in all statutes belongs to the Sovereign under United Kingdom law, and as copyright in works of officers or servants of the Crown also belongs to the Sovereign, Queen Victoria was a copyright owner of some importance. In fact her own works were the subject of a notable legal action.[3] She and her husband Prince Albert were accomplished artists. Some unauthorised impressions of their unpublished etchings were made and sold to the defendant, who published a catalogue of them. It was held that in respect of these works, the plaintiff had a common law right and property in the etchings, which included the right to prevent the exhibition or publication of copies or catalogues of them.[4]

In more modern times, Kensington Palace was the home of Diana, Princess of Wales. A recent copyright case concerned the questions whether unauthorised publication in a newspaper of stills from a security film of the Princess constituted "fair dealing," and whether the publication could be excused on the basis of public interest.[5] The Court of Appeal rejected both defences, holding on the one hand that there was no fair

producers and principal directors of films, producers of sound recordings, broadcasters and cable programme service providers all enjoy copyright in their respective productions (ss. 1, 9 of the Act). Performers have separate rights (ss. 180-184 of the Act).

[3] Prince Albert v. Strange, (1849) 1 Mac. & G. 25, 41 Eng. Rep. 1171; 1 H. & Tw. 1, 47 Eng. Rep. 1302, *aff'd*, 2 De G. & Sm. 652, 64 Eng. Rep. 293.

[4] The U.K. Copyright Act 1911 replaced the common law right in unpublished works with statutory copyright.

[5] Hyde Park Residence, Ltd. v. Yelland and ors, [1999] R.P.C. 655, [1999] E.M.L.R. 654 (Ch.D); [2000] 3 W.L.R. 215 (Court of Appeal). The Copyright, Designs and Patents Act 1988 provides a defence of fair dealing for reporting current events (s. 30(2)), and does not "affect any rule of law

dealing because of the nature and extent of the publication (a familiar phrase in American ears, is it not?), and on the other, that the public interest defence only applied where enforcement of copyright would offend against the policy of the law (for example by recognising copyright in immoral works or works injurious to public health); here the publication was to refute statements which the newspaper considered were falsely made. Something in which the public is interested, the Court said, is not equivalent to "public interest" in this context.[6] Among other things the case raises the topical and fundamental question: in what circumstances should the benefit of the public override copyright, and how does one assess that benefit? I wonder how this case would have been decided in the United States, involving as it does complex issues concerning freedom of expression.

Leaving Kensington Palace you can walk past the Round Pond, and there you will find, on the edge of the Serpentine, the statue of Peter Pan, the creation of J.M. Barrie. In his will, Barrie left the benefit of the royalties arising in respect of his play "Peter Pan" to the Great Ormond Street Hospital for Sick Children, here in London. In 1987, when new copyright legislation was being considered in Parliament, it was felt that some special arrangement should be made so that the royalties for this very worthy purpose would continue to arise after the expiry of J.M. Barrie's copyright. Accordingly, the 1988 Act confers on the Hospital trustees a right to what is in effect a perpetual royalty in respect of the public performance, commercial publication, broadcasting or inclusion in a cable programme service of Barrie's "Peter Pan," or of any adaptation of the work, notwithstanding that copyright in the work expired on December 31, 1987.[7] In the event, the copyright in the work has been extended to December 31, 2007, following the implementation of the EC Term Directive, but the provisions regarding the continuance of payment of royalties will then come into force. Let it never be said that copyright legislators are always cold-hearted.

Going further afield we reach Lincoln's Inn, which you will visit this afternoon. Copyright cases in the United Kingdom normally come before the Chancery Division of the High Court, and through the ages, many Chancery barristers have been members of Lincoln's Inn, although I should mention that the three other Inns, Gray's Inn, Inner Temple and

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preventing or restricting the enforcement of copyright on grounds of public interest or otherwise" (s. 171(3)).

[6] Some critics say that the Court of Appeal, in reversing the judgement at first instance, took too restrictive a view of the public interest defence.

[7] 1988 Act, s. 301, Schedule 6.

Middle Temple, have also had as members many distinguished copyright lawyers.[8]

As regards the Lincoln's Inn, I would like to mention Lord Mansfield, who might be regarded as our first great copyright lawyer. He was a Member of Lincoln's Inn and became a Bencher in 1734. In the famous case of *Millar v. Taylor*, decided in 1769, he said

> From what source, then, is the common law drawn . . . in respect of the copy before publication . . . Because it is just . . . that another should not use [the author's] name without his consent. It is fit that he should judge when to publish . . . [and] the manner of publication . . . [that] he should choose to whose care he will trust the accuracy and correctness of the impression . . . the same reasons hold, after the author has published.[9]

Thus Lord Mansfield was in the 18th Century already describing moral rights as part of our law, even though they had no specific statutory recognition as such. Both the United Kingdom and the United States took the position that moral rights as required by Article 6*bis* of the Berne Convention were sufficiently recognised under general headings of law: the United Kingdom introduced statutory moral rights in the 1988 Act.[10] As I understand it, the United States still maintains that the rights to be granted under Article 6*bis* of the Berne Convention are available under general headings of law, even apart from the special provisions of section 106A of the Copyright Act 1976, concerning moral rights of visual artists. So perhaps we are all indebted to Lord Mansfield for his prescience. I hope you will have the chance to visit Kenwood, Lord Mansfield's house at Hampstead, and see his splendid library and the great collection of pictures there, or perhaps visit Westminster Abbey and see his large and impressive monument in the North Transept.

Going down the road from Lincoln's Inn you come to the Royal Courts of Justice in the Strand, where most of our copyright cases come before Her Majesty's Judges in the Chancery Division. We do not have anything like the number of copyright cases which you have in the United

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[8] Middle Temple also has particular connections with United States: the US Ambassador is always made an honorary Bencher of Middle Temple, the Library holds all the major series of U.S. Reports, four members of Middle Temple were among those who signed the Declaration of Independence, and seven members of Middle Temple signed the Constitution. *See* SIR LYNDEN L. MACASSEY, MIDDLE TEMPLARS' ASSOCIATIONS WITH AMERICA (Middle Temple 2nd ed. 1998).

[9] (1769) 4 Burr. 2303, 2398; 98 Eng. Rep. 201, 252.

[10] 1988 Act, s. 77 (right of identification), s. 80 (right to object to derogatory treatment), s. 84 (right against false attribution (already in previous legislation)), s. 85 (right to privacy of certain photographs and films).

States, but those which are the subject of decision are often of considerable interest, and, I say this with great respect, we are and have long been blessed with Judges greatly gifted in analysing and determining copyright issues. In the Courts themselves, some complex questions arise in respect of copyright in law reports, in which five copyrights may be involved. Unlike the position in the United States, judgements are copyright in the United Kingdom, but there is some discussion as to whether the copyright initiates in the judges, or Her Majesty, or both: be that as it may, permission is necessary for their reproduction, other than as permitted under the prevailing rules. Then there is the question of the copyright in the report itself. Under the Copyright Act 1842 we have the old case *Walter v Lane*,[11] in which the House of Lords decided that copyright subsisted in the report itself, as distinct from the speech it recorded, on the basis of the invested skill, judgement etc. of the reporter. It has been said in a more recent case that *Walter v Lane* is still good law.[12] Then there is the sound recording which is often made as the judge speaks: that enjoys copyright in any event (since sound recordings do not have to be original to be protected by copyright under the 1988 Act), so publication of sound transcriptions of the recording needs consent of the owners of the copyright in the recording. There is the separate question of the additions made by the publisher, in which copyright may, or may not, subsist, according to the presence or absence of originality, as your cases in the United States regarding publication of law reports have indicated. Finally, the publisher has copyright in the typographical arrangement of the published edition.[13]

If we go left when we leave the Royal Courts, we come to St Paul's Cathedral, in front of which stands a fine statue of "Good Queen Anne," in whose reign was passed in 1710 the first Copyright Act, "the mother of us all," as Barbara Ringer has called it.

If when we leave the Royal Courts we go right, we arrive at the Houses of Parliament, the tower of which we can see from here, and where our copyright laws are passed. Unlike Congress in the United States, the United Kingdom Parliament can pass any law it likes, which is why the "Peter Pan" exception could be adopted, something which, I understand, would not have been possible in the United States because of the reference to "limited times" in Article 1, section 8 of the Constitution. However, the unfettered ability of Parliament to legislate has now to be viewed in the context of the United Kingdom's membership of the European Union, and the provisions of the Treaty of Rome. When a European Community Directive on copyright is adopted, its provisions must be im-

[11] [1900] A.C. 539.

[12] Express Newspapers, plc v. News (UK), Ltd. [1990] F.S.R. 359.

[13] 1988 Act, s. 1(1)(c).

plemented in the United Kingdom; thus it was necessary to extend the general term of copyright protection from life plus fifty years to life plus seventy years after the EC Term Directive was adopted in 1993. While we have five EC "Copyright" Directives,[14] and a sixth is on the way,[15] and while rules on the limitation of liability of Internet service providers have been established,[16] there is, however, as yet no "European Copyright Law" as such.

Back at the Hotel, we take a final look over London, and see the great Post Office Tower, transmitting and receiving messages as part of the new global communication system. This reminds us that copyright, born from a territorial concept, has now to adapt itself to dissemination methods unrestricted by national boundaries. Inevitably, this means that solutions must be sought on a global basis; here we see the need for close collaboration in discussing the developing theories in the United States and in the European Union and the many problems that confront us in this area. It does not seem beyond the bounds of possibility that we shall consider the feasibility of an International Copyright Code which will, as implemented electronically, afford an effective international means of protecting copyright in the Internet and similar contexts.[17]

Speaking of the new global communication system reminds us of recent developments. In addition to the Napster judgement, two events of relevance in our area have taken place this week.

Firstly, there has been the publication of the material analysing the human genome. Whatever the copyright status of that material may be in the United Kingdom, one thing is clear: whether or not the material can be classified as an original work of authorship, it certainly constitutes a database, or several databases, and, in so far as its makers are nationals or habitual residents of the member States of the European Community, its contents are protected throughout the European Community by the *sui generis* database right established by the EC Database Directive: the protection is against unauthorised extraction or re-utilisation anywhere in the

[14] The Directives on Legal Protection of Computer Programs (91/250/EEC) (1991); Rental and Lending Right, and Related Rights (92/100/EEC) (1992); Satellite Broadcasting and Cable Retransmission (93/83/EEC) (1993); Term of Protection (93/98/EEC) (1993); Legal Protection of Databases (96/9/EC) (1996).

[15] The proposed Directive on Copyright in the Information Society, implementing provisions of the WIPO Treaties, 1996.

[16] EC Directive on Electronic Commerce (2000/31/EC), Arts. 12-14, a shorter and simpler text than that adopted in s. 512 of the U.S. Copyright Act, but nevertheless broadly similar in its basic approach.

[17] It is hoped that a draft of such a Code, elaborated by the speaker and colleagues in the United States and other countries, will be placed on the Internet at http://www.ccls.edu/iplaw/icc.html later this year.

Community over the next fifteen years, and this includes use in on-line transmission. But at present a database made in the U.S. by a U.S. national does not enjoy this right in the European Community.

Secondly, we have seen the amazing landing by the spacecraft Shoemaker on the tiny asteroid Eros, only twenty-one miles long and 200 million miles from Earth. As the spacecraft descended, its camera took photographs every thirty seconds, and these were transmitted to Earth and processed by NASA: they show minute details of the surface of the asteroid. Such photographs are undoubtedly valuable. Are they protected by copyright in the U.S.A.? Having been generated by computer, are they original works of authorship? Under the United Kingdom Copyright Act the photographs are protected by copyright, since they are computer-generated works, a category specifically protected under the U.K. Act, and have been made by a U.S. citizen or company, or first published in the U.S. So there is an instance where one might say that copyright protection in the U.K. provides a precedent for consideration by other countries. Food for thought, both as regards the protection of computer-generated works and of works created in Space.

I have heard that James Madison said that men are born to disagree. In today's world, he might have added that they are nevertheless obliged to agree in order to survive. Certainly there are disagreements between nations in the field of copyright, but maybe we can contribute to world understanding by increasing our discussions and thus, through our beloved science, bring peoples of all countries together. In that task, the members of the Copyright Society of the U.S.A. have, I believe, a challenging and invaluable role to play, and in your achievement of that task we will all benefit. Thank you.

PART II

ARTICLES

GREAT BRITAIN AND THE SIGNING OF THE BERNE CONVENTION IN 1886

by LIONEL BENTLY*[*] *and* BRAD SHERMAN**[**]

INTRODUCTION

The *Berne Convention on the Protection of Literary and Artistic Works* occupies a prominent place in international intellectual property law, having long been the single most important component in the constantly evolving matrix of international and regional agreements standardizing copyright law.[1] The primacy of the Convention was enhanced with the conclusion of the TRIPs agreement that not only led to an expansion in the number of signatories to Berne, but also (and more significantly) rendered it subject to the enforcement mechanisms of the WTO. The Berne Convention also occupies a prominent place in most historical accounts of intellectual property law. In most standard histories, the signing of Berne signifies the point in time when national regimes regulating the protection of literary and artistic property came to recognize one another and to provide reciprocal protection. The emergence of the Berne Convention is also seen as the point at which the ramshackle and disorganized collection of bilateral treaties inevitably gave way to the rationality of a multilateral regime that established common standards of copyright protection.[2] Simultaneously, the signing of the Convention is seen as the point

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[1] In 1906, an English commentator described Berne as "the nearest approach to a Universal Law which has yet been made." *See* WILLIAM BRIGGS, THE LAW OF INTERNATIONAL COPYRIGHT 162 (1906).

[2] JOHN FEATHER, PUBLISHING, PIRACY AND POLITICS: AN HISTORICAL STUDY OF COPYRIGHT IN BRITAIN 158 (1994) ("By the early 1880s, the network of bilateral agreements was as complicated as it was comprehensive, and there was clearly a case for some sort of codification in a general treaty."); SAM RICKETSON, THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS: 1886-1986 chs. 1-2 (1986) [hereinafter RICKETSON]. For an account emphasising the impact of the bi-lateral treaties on the formation of national copyright law in the U.K., see BRAD SHERMAN & LIO-

at which various "copyright" traditions — notably the common and civil legal systems with their distinct histories and theories of copyright — were brought together (and simultaneously tainted) in a treaty which stipulated the minimum conditions that signatories had to comply with.

In this article, we wish to focus on one aspect of the history of the Berne Convention, namely the history of Great Britain's involvement in the formulation and signing of the first version of the Convention in 1886. By revisiting the history of how and why it was that Britain came to sign the 1886 agreement, we hope to qualify a number of the claims made about the formation and impact of the Berne Convention. In particular, we wish to emphasize that the emergence of Berne was not the inevitable outcome of a particular economic or cultural logic, nor was it an exercise in compromise of previously articulated principles, or previously established traditions.[3] Rather, as David Saunders has said, the signing of Berne "was the outcome of unforeseeable interactions between a variety of geopolitical interests, legal traditions, cultural politics, commercial calculations, literary and artistic professional pressures and governmental concerns with trade economics, foreign-policy priorities and national cultural distinction."[4]

I. THE SIGNING OF THE CONVENTION

On 9 September 1886, representatives from the ten states of U.K., Germany, Belgium, Spain, France, Haiti, Italy, Liberia, Switzerland and Tunisia came together in Berne to sign the *Convention on the Protection of Literary and Artistic Works*.[5] The stated aim of the Berne Convention was to establish a union "for protecting effectually and in as uniform a manner as possible the rights of authors over their literary and artistic works." More specifically, the Convention applied to "books, pamphlets, and other writings; dramatic or dramatico-musical works, musical compositions with or without words; works of design, painting, sculpture, and engraving; lithographs, illustrations, geographical charts, plans, sketches, and plastic works relative to geography, topography, architecture, or science in general; in fact every production whatsoever in the literary, scientific or artistic domain which can be published by any mode of impression or reproduction" (Article 4). A key feature of the Convention was that the Contracting States were required to apply the principle of national treat-

NEL BENTLY, THE MAKING OF MODERN INTELLECTUAL PROPERTY LAW: THE BRITISH EXPERIENCE, 1760-1911, 111-28 (1999).

[3] DAVID SAUNDERS, AUTHORSHIP AND COPYRIGHT 168 (1992), states that the signing "was marked by contingencies, circumstantial arrangements and compromises."

[4] *Id.* at 181.

[5] However, Liberia did not ratify the Convention in 1887.

ment — that is, they were required to treat works with their country of origin in another signatory country, as they treated their own works (Article 2). Member States were required to recognize a translation right for ten years (Article 5),[6] a public performance right (Article 9) and a right to make adaptations or arrangements (Article 10). The original Convention also contained important exceptions to copyright infringement regarding newspaper articles and collections of works for educational purposes. Although there were no provisions dealing with duration, ownership, or publishing contracts, (so that the Convention fell short of the full codification desired by some), nonetheless Numa Droz, the Swiss president of the diplomatic conference, described it as "the ground floor of a solid building."[7]

The signing of the Convention has been described as "the end of a long stretch of uphill road beset with obstacles that copyright reformers had wearily traversed for half a century."[8] Over a shorter term, the Convention can be seen as the culmination of events that begin with the formation of the International Literary Association/Association Literaire Internationale (ALI) at Paris in 1878.[9] The annual meetings of the ALI advocated international protection for authors and artists. However, in order to translate these aspirations into a legal reality the Association needed to attract the attention of at least one government. To this end, the ALI put a proposal to the Swiss government to establish a Union of literary property.[10] The Swiss government accepted the invitation and in September 1883 convened a conference of the ALI to consider the matter, where a draft convention of ten articles was produced. In December 1883, the Swiss government wrote to the governments "of all civilized nations"

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[6] On translations, see Lionel Bently, *Copyright and Translations in the English Speaking World*, 12(4), TRANSLATIO: NEWSLETTER OF THE INTERNATIONAL FEDERATION OF TRANSLATORS, at 491 (1993).

[7] Scott to Salisbury, Oct. 17, 1889, Disp. No. 28, *in* U.K. Public Record Office [hereinafter P.R.O.]: F.O. 544/1, 4 CORRESPONDENCE RESPECTING THE INTERNATIONAL COPYRIGHT CONFERENCES AT BERNE (1889-91). *See also* WALTER COPINGER, THE LAW OF COPYRIGHT IN WORKS OF LITERATURE AND ART 580 (3d ed. 1893) ("The Berne Convention was a step in the right direction and the result is that in the countries whose government are parties to it a comparatively uniform system of international copyright now prevails.").

[8] SIMON NOWELL-SMITH, INTERNATIONAL COPYRIGHT AND THE PUBLISHER IN THE REIGN OF QUEEN VICTORIA 68 (1968). These are well-documented elsewhere. *See, e.g.*, RICKETSON, *supra* note 2, at 41-46.

[9] WILHELM NORDEMANN ET AL., INTERNATIONAL COPYRIGHT AND NEIGHBOURING RIGHTS LAW 4 (1990) (the Berne Convention "owes its genesis to the initiative of the oldest professional association for copyright law, the Association Literaire Internationale").

[10] RICKETSON, *supra* note 2, at 49.

inviting them to express interest in an international conference.[11] After receiving a number of favourable replies,[12] the Swiss Government initiated a conference for September 1884.[13] This was followed by a further conference in September 1885, where a further draft text was produced. This text was designed to be a final text for consideration by the respective governments with a view to its adoption at a further conference the following September.[14] As a result, the latter conference of September 1886 was pretty much a formality.[15]

During the course of these negotiations the (outward, at least) position of Great Britain altered dramatically. As early as 1875, British government officials showed a marked lack of interest in the formulation of an international convention.[16] This reluctance still existed as late as the end of 1884. For example, although the U.K. sent a delegate to the 1884 meeting,[17] he was sent with the restricted mandate that he was only required to observe what transpired and to report back to the Foreign Office.[18] While this mandate was later extended to allow for the signing of the Protocol to the 1884 draft, this was only permitted because of its non-

[11] Dec. 21, 1883, P.R.O.: B.T. 22/39/6, R 12438.

[12] Letter of Mar. 5, 1884, stated that the Swiss Government had received 9 answers and 7 were positive — including Germany, France, Italy, G.B. *See* P.R.O.: B.T. 22/39/6, R 257.

[13] Letter of Sept. 26, 1884, from F.O. Adams to Granville explaining proceedings, *in Correspondence Respecting the Formation of an International Copyright Union* C. 4606. (1886), 73 PARLIAMENTARY PAPERS (1886) [hereinafter *Correspondence I*].

[14] Vernet to Salisbury, Nov. 17, 1885, Disp. No. 62, *in Correspondence I*, *supra* note 13, at 68.

[15] The French government had proposed adoption of an "Additional Declaration" but this move was ultimately rejected. The only difference between the 1885 text and that adopted related to a formal alteration proposed by the Swiss government. *See* Disp. No. 4, *in Correspondence Respecting the Formation of an International Copyright Union* C. 4910 (1886), 73 PARLIAMENTARY PAPERS (1886) [hereinafter *Correspondence III*].

[16] *See, e.g.*, the papers relating to a letter sent from Baron Tauchnitz to Disraeli on Mar. 30, 1875 on the subject of copyright contained in P.R.O.:B.T. 22/39/C R 2378. There Lord Derby doubted whether good results would be likely to come from an International Congress. On Apr. 19, 1875 the Board wrote a letter to the Foreign Office expressing its doubts about the value of International Congress at a European level.

[17] The Board of Trade did not even think it was desirable to be represented; *see* C. Trevor to Granville, Dec. 27, 1883, Disp. No. 4, *in Correspondence I*, *supra* note 13, at 4. On the decision to send a delegate, see letter from Granville to the Board of Trade, Jan. 22, 1884, and reply from Henry Calcraft to Sir Julian Pauncefote on Jan. 23, 1884, Disp. No. 6, *in Correspondence I*, *supra* note 13, at 5.

[18] Her Majesty's Minister in Berne, Francis Ottiwell Adams, was instructed merely to report: Granville to Adams, Disp. No. 9, Feb. 2, 1884. *Id.* at 5.

binding nature.[19] Indeed, even as late May 1885,[20] the British envoy in Berne was instructed to inform the Swiss government that the United Kingdom would be unable to sign up to an agreement and that the British delegate would only be able to attend the proposed September conference in a consultative capacity. However, during the course of 1885 there was a *volte-face*. In August 1885 the powers of the British delegate were extended so as to enable him to enter into discussions and to vote.[21] Finally, on 12 September 1885 the envoy was given permission to sign. A year later Britain ended up as one of the first signatories.[22] Great Britain's decision to participate in the conference and sign up to the Convention was of no mean significance. This is because Great Britain's entry into the treaty meant that the coverage of the Convention increased from 200 million to 500 million people. Indeed, Numa Droz, head of the Swiss Department of Agriculture and Commerce and president of the diplomatic conferences which led to the Convention,[23] described Britain's signing as "of great weight in the balance."[24] The ultimate success of the Convention can be said to have depended, very largely, on Britain's decision to sign.

The aim of this article is to explain the background to the change of heart that took place in 1885. First, we look at some of the reasons why Britain was reluctant to join the proposed multilateral copyright treaty. We then go on to explore the dramatic change of attitude that took place in Britain's approach towards the Berne negotiations in 1885 and some of the reasons for these changes.

II. BRITISH OBJECTIONS TO THE PROPOSED CONVENTION

Britain's reluctance to become involved in the movement for a multilateral copyright convention in the period prior to 1885 can largely be attributed to the concerns expressed by the Board of Trade and in particular to those of its permanent secretary, Sir Thomas Farrer.[25] In a period when the civil service was relatively small, Farrer was what has often been called

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19 Granville to Adams, Sept. 18, 1884, Disp. No. 22. *Id.* at 16.

20 Granville to Adams, May 9, 1885, Disp. No. 34. *Id.* at 34.

21 Salisbury to Adams, Aug. 13, 1885, Disp. No. 40. *Id.* at 44; Salisbury to Calcraft, Aug. 14, 1885, Disp. No. 43. *Id.* at 44; Board of Trade to Salisbury, Aug. 15, 1885, Disp. No. 44. *Id.* at 45.

22 E.M. Underdown reported the shift in attitude between Dec. 1884 and 1885. *See* E.M. Underdown, *The Copyright Question*, 2 L. Q. Rev. 213 (1886).

23 Ricketson, *supra* note 2, at 49.

24 *Id.* at 78-79. The only other "great powers" not involved were the United States, Russia and Austria. Briggs, *supra* note 1, at 233.

25 Farrer, born in 1819, joined the Board of Trade in 1848. For a brief account, see his obituary. The Times, Oct. 13, 1899, at 6. *See also* N. Feltes, *International Copyright: Structuring "The Condition of Modernity" in British Publishing*, *in* The Construction of Authorship: Textual Appropriation

a "statesman in disguise,"[26] exerting a huge influence over domestic law and policy making. Indeed, in the *Dictionary of National Biography* the entry for Farrer states that "so effectual was the exercise of his unseen and quiet influence that in the period between 1872 and 1886 almost all the reform of and additions to our system of commercial law was only brought about with the concurrence of the secretary of the Board of Trade."[27] While there was undoubtedly a personal dimension to Farrer's negative attitudes towards international copyright[28] — in particular his free trade dogmatism[29] and his negative experiences at the Royal Commission on Copyright[30] — his attitude towards multilateral copyright treaties mirrored views that were widely held within the relevant government circles at the time.[31] These views were: that there was no need for a multilateral convention; that such a convention was for a variety of reasons, undesirable; and that, even if a convention was in some respects desirable, it

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IN LAW AND LITERATURE 271-80 (Martha Woodmansee & Peter Jaszi eds., 1994).

26 Colin Matthew, *Public Life and Politics, in* THE NINETEENTH CENTURY 126 (Colin Matthew ed., 2000).

27 12 DICTIONARY OF NATIONAL BIOGRAPHY 872 (Sir Leslie Stephen ed., 1901).

28 In a letter dated Jan. 10, 1884 Calcraft stated that, "Sir Thomas Farrer was opposed in principle to all Copyright Conventions and Copyright legislation as tending to increase the price of books to the public." *See* P.R.O.: B.T. 22/39/6. (It is interesting to note that this correspondence was not included in the account of correspondence published in the *Parliamentary Papers*. *Correspondence I*, *supra* note 13.

29 Farrer, referred to in his obituary in *The Times* as "the last of the Cobdenites," was author of an exposition on free trade, *Free Trade Versus Fair Trade* (1882). *See also* Froude, *quoted in* THE TIMES, Feb. 14, 1881, at 11 (suggesting that "Mr. Farrer and his friends believe that copyright is an infraction of free trade" and Rae, suggesting that "the Board of Trade were opposed to all copyright at all, and said that when they talked about cheap books they wanted books at so cheap a rate that the author could not afford to write them").

30 *Report of the Commissioners Appointed to make Inquiry With Regard to the Laws and Regulations Relating to Home, Colonial and International Copyright* (1878) c. 2036, 24 PARLIAMENTARY PAPERS 163 (1878) [hereinafter *Royal Commission Report*]; *Minutes of Evidence, With Appendix* (1878) c. 2036-1, 24 PARLIAMENTARY PAPERS 253 (1878) [hereinafter *Royal Commission Evidence*].

31 Farrer gave evidence for eight days before the Royal Commission, but his views were subsequently lambasted in an article in the *Edinburgh Review*. *See Review of Report of Copyright Commission* (1878), 148 EDINBURGH REV. 295. Farrer gave a response *in* Thomas Farrer, *The Principle of Copyright*, 24 FORTNIGHTLY REV. 836 n. 1 (1878) ("[T]he statements and insinuations which the article contains concerning the conduct of the Board of Trade, and concerning the part I am supposed to have taken, argue ignorance of the manner in which public business is conducted as well as of the facts of the case").

would have been impossible for Britain to have signed up to such an agreement. We will look at each of these in turn.

A. An International Convention Was Unnecessary

One of the initial reasons why Britain did not involve itself in negotiations for the proposed multilateral treaty was the belief that there was simply no need. As Farrer said, "this Convention is, so far as we know, rather the result of the labours of well meaning International Jurists, than the result of any demands from the public. Certainly in this country we know of no public demand for it."[32] More specifically, it was thought that there was no need for a multilateral convention because Britain had already secured sufficient protection for its authors, artists and publishers under imperial law and bilateral arrangements.

By far the greatest concern of British authors and publishers was with copyright protection in English speaking countries[33]: the primary market for English language works. However, broadly speaking,[34] an international copyright convention was not necessary in order to secure protection in these countries. This was because — with the obvious exception of the United States — the 1842 *Literary Copyright Act* (which was an imperial act and thus extended throughout the empire), ensured that publication of a book in Great Britain secured protection in most English speaking countries. More specifically section 15 provided that "if any person shall, in any part of the British dominions . . . print or cause to be printed any book in which there shall be subsisting copyright . . . shall be liable to a special action on the case at the suit of the proprietor of such copyright."[35] Section 2 defined the British dominions as "all parts of the United Kingdom of Great Britain and Ireland, the islands of Jersey and Guernsey, all part of the East and West Indies, and all the colonies, settlements and possessions of the Crown which now are or hereafter may be

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[32] Thomas H. Farrer to Joseph Chamberlain, Nov. 24, 1884, *in* P.R.O.: B.T. 22/39/6.

[33] Writing in the *Fortnightly Review*, *supra* note 31, Farrer explained that it was "desirable that copyright laws, whatever they may be, should be as nearly as possible the same in all English speaking countries, and should be extended throughout those countries to all authors, without distinction of nationality."

[34] The main exception related to some forms of artistic copyright (paintings, drawings and photographs) because the 1862 Fine Art Copyright Act did not apply outside U.K. Graves v. Corries, [1903] A.C. 496. The Dramatic Copyright Act, (1833) 3 & 4 Will. IV c. 15 did apply. Smiles v. Belford, (1877) 1 O.A.R. 436, 1 Cart. 576, 2 Can. Com. Rep. 216.

[35] 5 & 6 Vict. c. 45. For background to the Act, see CATHERINE SEVILLE, LITERARY COPYRIGHT REFORM IN EARLY VICTORIAN ENGLAND: THE FRAMING OF THE 1842 COPYRIGHT ACT (1999).

acquired." The effect of this was that if a book was published in Great Britain and registered at Stationers Hall in London,[36] protection was secured for the imperial market, which covered some 300 million people.[37]

Although British authors, publishers and artists were primarily concerned with obtaining protection in English speaking countries, they also wanted to secure protection in some of the more prosperous European markets. However, Farrer and the Board of Trade did not believe that this meant that the U.K. had to adopt an international convention. This was because these ends had already been substantially secured through a series of bilateral treaties. By the 1880s, these covered Germany,[38] France,[39] Spain,[40] Belgium,[41] and Italy.[42] While the coverage was partial — omitting as it did parts of Europe, as well as Russia — these omissions were not seen as justifying a radical change in approach. Such views were expressed as early as 1875 when in rejecting a proposal by Baron Tauchnitz, the Board of Trade explicitly stated that it would prefer to negotiate separately with the each of the main countries interested — Germany, France or Italy — rather than enter into an international congress.[43]

B. The "Colonial Problem"

Another reason why Britain was reluctant to enter into a multilateral copyright treaty arose from concerns about the negative impact it might have had on Britain's relationship with its colonies. It is important to recall that colonial readers constituted a key market for British authors and publishers. It is also important to note that imperial-colonial arrangements at the time were highly problematic. For example, *Parliamentary Papers* dealing with Colonial Copyright which were published in three lengthy

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[36] This was required as a preliminary to bringing an action: Literary Copyright Act, s. 24.

[37] However, in some countries an important restriction on the value of the copyright monopoly was the ability to import "foreign reprints" on payment of a set remuneration. This is discussed further below.

[38] Prussia (1846, 1855); Saxony (1846); Brunswick (1847); Thuringian Union (1847); Hanover (1847); Olderburg (1847); Anhalt (1853); Hamburg (1853); Hesse (1861); Germany (1886).

[39] (1851). For a contemporaneous account, see PETER BURKE, THE LAW OF INTERNATIONAL COPYRIGHT BETWEEN ENGLAND AND FRANCE (1852). All the bilateral treaties were reproduced in WALTER COPLINGER, THE LAW OF COPYRIGHT IN WORKS OF LITERATURE AND ART, Appendix K, 771-814 (2d. ed. 1881).

[40] (1880). *See* (1881) 99 PARLIAMENTARY PAPERS 449.

[41] (1854).

[42] Sardinia (1860); Italy (1885). *See Correspondence Respecting Denunciation of Copyright Convention Between Great Britain and Italy* (1884-85) C. 4422, 87 PARLIAMENTARY PAPERS 503.

[43] P.R.O.: B.T. 22/39/6.

volumes at the time contain a litany of grievances on behalf of the colonies, proposals for reform, and related correspondence.[44] Many of these issues were summed up by the Royal Commission of 1875-78 who reported that the state of the law as regards the colonies was "anomalous and unsatisfactory." While the Commission proposed a number of reforms, these were not adopted.[45] Consequently, none of the issues raised had been resolved by the 1880s,[46] (and many continued to be controversial for years after).

One particular problem concerned the 1842 Imperial *Literary Copyright Act* and the impact that it had in the colonies. More specifically it arose from a realization that the strict enforcement of the Act — particularly in India and the North American possessions[47] — had the potential to restrict the supply of books in those areas.[48] This was because the 1842 Act enabled copyright owners to prevent the importation of cheaper American reprints into the colonies that would have undercut the British copyright books that were sold at a higher price.[49] Apparently, in the 1830s, the India Council decided that in order to promote a taste for English books as widely as possible throughout India, American reprints should be permitted on payment of a royalty of 10%, (though there is no evidence of any legislative initiative to that effect).[50] In 1845, the legisla-

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[44] *Colonial Copyright*, House of Commons Paper No. 339 (1872), 43 PARLIAMENTARY PAPERS 277 (1872) (containing correspondence between Colonial Office, Board of Trade and Canada dating back to 1845) [hereinafter *Colonial Copyright I*]; *Colonial Copyright*, C. 1067 (1874), 44 PARLIAMENTARY PAPERS 539 (1874) [hereinafter *Colonial Copyright II*]; *Colonial Copyright*, House of Commons Paper No. 144, 51 PARLIAMENTARY PAPERS 635 (1875) [hereinafter *Colonial Copyright III*].

[45] *Royal Commission Report*, *supra* note 30, at xxx (para.183).

[46] The Canadian Act of 1875 gave full protection where copyright work was published in Canada with the consent of the Imperial copyright owner.

[47] Canada, New Brunswick, Nova Scotia, Newfoundland and Prince Edward Island.

[48] Literary Copyright Act, 1842, s. 17. *Note also* An Act to regulate the Trade of the British Possessions abroad, (1845) 8 & 9 Vict. c. 93, s. 9 (enforcement of prohibition on importation by customs).

[49] For a comparison of prices, see *Royal Commission Evidence*, *supra* note 30, at 373 (Appendix XI G) (e.g., the British print of Trollope's *The Prime Minister* was selling at $6.30, compared with the U.S. reprint at 75 cents). In 1886 Bergne observed that at the present moment the purchase of new books is to the general English public an unattainable luxury. John Henry Bergne, *The International Copyright Union*, 3 L. Q. REV. 14, 15 (1886).

[50] *See* evidence of Sir Charles Trevelyan to the Royal Commission. *Royal Commission Evidence*, *supra* note 30, at 1-5 (Qs. 1, 12, 28-32). The only Act passed by the President of the Council of India and the Governor General in Council during this period seems to have been Act No. 20 of 1847, entitled An Act for the Encouragement of Learning in the Territories subject to

tive Assembly of Nova Scotia also raised concerns about the Imperial Act: the cost of books had increased — being constricted to supply from British publishers — and readers wanted access to cheaper American reprints.[51] Whereas the approach taken in India was part of an implementation of a policy of Anglicization,[52] the objections of the North American possessions stemmed from the desires of a sparsely distributed population (with no circulating libraries) to purchase cheap copies.[53] The grievance over price was felt especially because of the geographical position of the North American possessions, that is their proximity to the U.S., where the rights of British copyright owners were not applicable. Accepting the legitimacy of this grievance, the Imperial Parliament passed the so-called *Foreign Reprints Act 1847* which allowed the suspension of the operation of the 1842 Act as regards "foreign reprints" where a colony made, by local law, reasonable provision for the protection of British authors.[54] Eventually, this meant that it became legal to import even pirated copies into Canada on payment of a 12.5% royalty.[55] Consequently, Canadian readers could obtain (unauthorized copies of) books from the U.S., at considerably below the published price (of authorized copies) in Great Britain.

This relaxation of Imperial law for the benefit of readers in certain colonies proved to be controversial. From the point of view of British publishers, it was equivalent to having had sacrificed their rights altogether. This was because, in practice, very few royalties were collected from the

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the Government of the East India Company, by defining and providing for the enforcement of the right of copyright therein (1847), *reproduced in* 41 PARLIAMENTARY PAPERS 77 (1851). This Act did not contain provisions prohibiting importation akin to section 17 of the Literary Copyright Act 1842. *See* COPINGER, *supra* note 7, at 812.

[51] Disp. No. 1, *in Colonial Copyright I*, *supra* note 44, at 1-6.

[52] *Cf.* the previous policy of orientalisation, whereby the colonists adopted a policy of governing using existing indigenous legal structures, and which required the colonisers to acquaint themselves with local languages, customs, and practices. *See* BERNARD COHN, COLONIZATION AND ITS FORMS OF KNOWLEDGE: THE BRITISH IN INDIA (1996).

[53] The lack of clubs, book societies and circulating libraries in the colonies meant the high prices had a real impact. *Royal Commission Report*, *supra* note 30, at xxx (para. 185). For an exhaustive account of the early period, see JAMES JOHN BARNES, AUTHORS, PUBLISHERS AND POLITICIANS: THE QUEST FOR AN ANGLO-AMERICAN COPYRIGHT AGREEMENT, 1815-54 ch. 7 (1974).

[54] An Act to amend the Law relating to the Protection in the Colonies of Works entitled to Copyright in the U.K, (1847) 10 & 11 Vict. c. 95, s.1.

[55] (1850) 13 & 14 Vict. c. 6, approved by the Order in Council of Dec. 12, 1850. By the time the Canadian Act was accepted, measures had already been passed — requiring payment of a duty of 20% — in relation to Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland.

nineteen colonies that had taken advantage of the Act.[56] The Royal Commission of 1878 found that publishers in the ten years ending in 1876 received £1,155 from all the colonies including £1,084 from Canada.[57]

By the 1860s the policy was also a source of resentment to Canadian publishers, but for quite different reasons.[58] Their objection was that the *Foreign Reprints Act* allowed U.S. publishers (who paid nothing to reproduce the work, and only the fixed royalty to export the books to Canada) to undercut Canadian publishers (who would have to negotiate for the right to reprint). In effect, the law established an uneven playing field. Both Canadian and British publishers became increasingly vociferous and tenacious from the late 1860s. The Canadian publishers proposed that their grievance be resolved by amending the 1847 Act to allow reprinting in Canada on payment of a royalty (and one set at a rate which would work to their benefit).[59] However, the Imperial government rejected that as a solution.[60]

Moreover, when the Imperial government (responding to the petitions of British publishers) proposed that the Act be repealed, a number of the colonies objected, and consequently no action was taken.[61] In the face of the three divergent interests (those of the colonial readers, colonial publishers, and British publishers), the Royal Commission exhibited most sympathy for the colonial reader, declaring that "the literature of [the U.K.] should be placed within easy reach of the colonies, and that with this view the Imperial Act should be modified so as to meet the requirements

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56 For the list of colonies, Acts and Orders in Council, see *Copyright (Colonies)*, House of Commons paper, Aug. 25, 1857 No. 303 (sess. 2) (1857), 28 PARLIAMENTARY PAPERS 113. The colonies were New Brunswick, Nova Scotia, Prince Edward Island, Barbados, Bermuda, Bahamas, Newfoundland, St. Christopher, Antigua, St. Lucia, Canada, British Guiana, St. Vincent, Mauritius, Grenada, Jamaica, Cape of Good Hope, Nevis, and Natal. Copinger said these covered "all the important colonies with the exception of Australia." *See* COPINGER, *supra* note 39, at 499. Exports of books to Australia were considerable, however, amounting to £332,136 in 1876. *See Royal Commission Evidence*, *supra* note 30, at 371 (Appendix XI E).

57 *Royal Commission Report*, *supra* note at 30, at xxxi (para. 193). According to J. Rose, one in ten reprints paid duty: Disp. No. 20, *in Colonial Copyright I*, *supra* note 44, at 17.

58 *Royal Commission Report*, *supra* note 30, at xxxi (para. 195).

59 *Id.* at xxxi (para. 196).

60 Louis Mallet to Colonial Office, July 22, 1868, *in Colonial Copyright I*, *supra* note 44, at 21-22.

61 Colonial Office to Board of Trade, Oct. 20, 1870, Disp. No. 57, *in Colonial Copyright I*, *supra* note 44, at 54 (noting views of Barbados, Bermuda and Jamaica that if the Foreign Reprints Act were repealed it would result in "little short of the exclusion of modern English literature from these islands"). *Royal Commission Report*, *supra* note 30, at xxxiii (para. 211).

of the Colonial readers."[62] However, such a position sparked further controversy.[63] The question of how these various interests were to be reconciled was unresolved when proposals arrived for an international conference.

Another source of tension between the U.K. and its colonies arose from the 1868 decision of *Low v. Routledge* where the House of Lords ruled that first publication in one of the colonies or dominions, rather than in the U.K. itself, would result in the loss of any copyright that existed under the 1842 Act.[64] Those commentators who noticed the ruling immediately commented upon its obvious unfairness. A British author publishing in Britain would get copyright throughout the empire, whereas a colonial author publishing locally would not get the benefit of imperial copyright, but only the local copyright, if any, applicable to the particular state.[65] Although obviously unjust in principle,[66] in the 1870s many of the colonies did not see the lack of reciprocity as much of a practical problem. This was because few colonies saw themselves as having developed publishing industries.[67] However, by the 1880s, the lack of reciprocity — which was still unrectified — had begun to attract attention, and come to be a source of resentment, at least in India and Australia.[68]

As the decision of *Low v. Routledge* and the experience in relation to the 1842 Imperial *Literary Copyright Act* shows, Britain's relationship with its colonies concerning copyright was troubled. Given the importance of the colonial markets, it was appreciated that U.K. needed to be able to adapt and respond to these changing circumstances. This posed a potential

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[62] *See Royal Commission Report*, *supra* note 30, at xxxiii (para. 207).

[63] In particular over whether if such a compulsory licence were to be available, copies could be imported from the colonies back into the U.K. *Review of Report of Copyright Commission*, *supra* note 31, at 309-22.

[64] (1868) L.R. 3 H.L. 100.

[65] *Royal Commission Report*, *supra* note 30, at xxx (para 182).

[66] *Id.* at xxxv (para. 227); *Royal Commission Evidence*, *supra* note 30, at 53 (Q. 1096) (Daldy, of the Copyright Association, admitting injustice).

[67] Colonial Office to Board of Trade, Oct. 20, 1870, Disp. No. 57, *in Colonial Copyright I*, *supra* note 44, at 52 (collecting responses to draft Bill and demonstrating the general indifference of colonies such as Ceylon, Barbados, St. Vincent, Bermuda and Natal on the ground that books were rarely published in the colonies). *See also* Lees to Governor in Chief, Lagos, Sept. 23, 1873, Disp. No. 26, *in Colonial Copyright II*, *supra* note 44, at 27-28 (referring to the colony as a primitive settlement and stating that copyright was only an issue in "more complex and elaborate societies").

[68] COPINGER, *supra* note 39, at 505 ("This opinion has caused great and general dissatisfaction in the colonies and India; it has either destroyed all copyright property in the numerous works since 1842, which have been first published there, or rendered such property comparatively worthless"); John Finnamore, *Imperial Copyright Law As Affecting the Colonies*, VICTORIAN REV. 712 (1881).

stumbling block to Britain entering into a multilateral copyright treaty because it would have removed the flexibility the British government needed to negotiate with colonial governments. As subsequent events have shown only too well, the more parties involved in a treaty, the more cumbersome and time consuming are the negotiations to subsequently change the terms of the treaty.

Another dimension of the "colonial problem" that stood in the way of Britain's entry into the proposed multilateral treaty arose from the fact that in the 1880s many of Britain's colonies were increasingly interested in tailoring their copyright laws to their own conditions. Colonies with local laws included India, Canada, Western Australia, New South Wales, Victoria, South Australia, New Zealand, Cape of Good Hope, and Bermuda.[69] These signs of independence were of little concern to the imperial project, as long as they were merely supplements to imperial law. For example, establishing local registers[70] dealing with artistic copyright (which was not covered by imperial law),[71] or short-term copyright in news conveyed by submarine telegraph,[72] were regarded as unproblematic. The push for independence became more problematic, however, when it led to calls for the colonies to enact colonial copyright legislation, often in contradiction to imperial copyright, that aimed to protect colonial (rather than imperial or British) interests: this was particularly the case in Canada (after the *British North America Act* 1867). In part this push for independent copyright legislation was motivated by a growing belief that imperial action in the field did not reflect local needs. As well as becoming a matter of constitutional debate, the desire for legislative independence in this field had important implications for the signing of a multilateral treaty. In 1881, Canada expressed a wish to be exempt from any agreement forged between the United Kingdom and the United States. It seemed as if a similar stance

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[69] *See* BRIGGS, *supra* note 1.

[70] As with the Indian Act of 1847, *supra* note 50. In New Zealand, the Copyright Ordinance of Mar. 15, 1842 gave twenty-eight years protection or life without any registration requirement at all. In Cape of Good Hope, the Act to Protect and Regulate the Rights of Authors in respect of their Works (No. 2 of 1873) gave protection for life plus five years or thirty years.

[71] *See, e.g.*, Victoria, Copyright Act 1869; New South Wales, Copyright Act 1879, 42 Vict. No. 20; New Zealand, Fine Art Copyright Act 1877, 41 Vict. No. 17; South Australia, Copyright Act 1878, 41 & 42 Vict. No. 95.

[72] *See, e.g.*, Victoria, An Act to Secure in Certain Cases the Right of Property in Telegraphic Messages 1872, 36 Vict. No. 7; South Australia, Telegram Copyright Act 1872, 36 Vict. No. 10; Western Australia, Telegraphic Property Act 1871; New Zealand, Electric Lines Act 1884; Cape of Good Hope, Telegraphic Copyright Act 1880, No. 8 (July 26, 1880).

would inevitably be adopted in relation to the proposed agreement at Berne.[73]

The problem with the proposed international convention was that it would have served to undermine the independence of the colonies. As Thomas Farrer said on 9 November 1869, the "growing autonomy of the colonies may hereafter raise further questions."[74] This was because if Britain joined the multilateral convention, it would almost certainly have joined on behalf of the colonies, thus limiting the ability of the different colonies to obtain copyright legislation suited to their own needs. The potential impact can be seen from three provisions of the draft Convention that formed the basis of the 1884 diplomatic conference. First, the draft included a proposal that all pirated works be subject to seizure — clearly a clause that would have been inconsistent with the *Foreign Reprints Act* 1847.[75] Secondly, the 1884 draft proposed that Contracting states should confer a translation right on authors: such a right did not exist under the Imperial *Literary Copyright Act* of 1842 and in some colonies (such as India) this would have been controversial. Translation (whether from local works to English to enable the colonists to better understand local practices and attitudes, or from English into the vernacular as a process of Anglicization and education) was an important aspect of colonial governance: a translation right might have inhibited (or at least increase the cost associated with) the translation of such works.[76] Thirdly, a Convention

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[73] *See* J. Thompson to Lord Knutsford, Memorandum amplifying their reasons, July 14, 1890, *in* P.R.O.: FO 544/1 *supra* note 7, and *Correspondence on Law of Copyright in Canada* (1895) C. 7783, 70 PARLIAMENTARY PAPERS 59 (containing 122 pages of correspondence in response to the Canadian Act of May 1889).

[74] P.R.O.: B.T. 22/38 C 1373.

[75] *See* President of Swiss Confederation to Earl Granville, Programme Proposed by the Swiss Federal Council for the International Conference at Berne, 22 Aug. 1884, *in Correspondence I*, *supra* note 13, at 11.

[76] In a letter from Dufferin to the Foreign Office, July 16, 1886, Dufferin explained that "the Government of India, may, we think, be trusted to conform to the general principle of English legislation in this matter, while there are peculiarities in connection with the copyright in Indian books which may require special treatment. Thus India differs from other British possessions in having an extensive and growing vernacular literature. That literature is at present in the stage of abridgments and translation, and special care will be needed with a view, on the one hand to protect authors from the unauthorized abridging and translating of original works and on the other hand, to avoid all unnecessary checks on the production of such abridgments and translations as, it may be hoped, are destined to be the precursors of original literature." *See* Disp. No. 195, *in* P.R.O.: F.O. 544/1, 1 CORRESPONDENCE RESPECTING THE INTERNATIONAL COPYRIGHT CONFERENCES AT BERNE (1883-86) [hereinafter UNPUBLISHED F.O. CORRESPONDENCE].

might have given United States authors and publishers protection in Canada. The 1884 proposals would have conferred copyright on non-Convention nationals who were "domiciled or who have caused the work to be edited" in a Contracting state.

C. *Interference With a Possible Bilateral Treaty with the United States*

Another reason for the British government's reluctance to enter into the proposed multilateral copyright treaty concerned its relationship with the United States. More specifically it stemmed from a concern that an international convention might have limited Britain's ability to negotiate bilaterally for copyright protection for British authors in the United States. Farrer and others opposed an international convention because they thought that its signing would inhibit the conclusion of a much more significant goal: a bilateral arrangement with the United States.[77]

The interest in the United States hardly needs explaining. From its emergence in the 1820s, the U.S. market of English speaking readers represented a potential source of significant remuneration for British authors and publishers.[78] As the Royal Commission noted,[79] "the United States is of all the nations the one in which British authors are most concerned — the nation in regard to which the absence of a copyright convention gives rise to the greatest hardships." Farrer observed on 9 November 1869, "as regards this country there can be no doubt of the advantage of the [proposed] treaty."[80] Moreover, as already observed, the failure of the U.S. to recognize the claims of British authors impacted seriously on the Canadian publishing market.[81]

Despite persistent attempts[82] by such high profile figures as Charles Dickens,[83] and Anthony Trollope,[84] the United States had resisted repeated calls for such a convention over the previous forty or so years. In-

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77 Board of Trade to Foreign Office, Apr. 19, 1875, *in* P.R.O.:B.T. 22/39/6.

78 COPINGER, *supra* note 39, at 494 (American readers "infinitely more numerous" than the English). In 1887, Gladstone said that the question of copyright with America was "a big subject, growing bigger and bigger a *vue d'oeil*, and likely, after two or three generations to be bigger than it now is by five or six fold." Gladstone to Alexander MacMillan, *cited in* NOWELL-SMITH, *supra* note 8, at 64.

79 *Royal Commission Report*, *supra* note 30, at xxxvi (para. 233).

80 P.R.O.: B.T. 22/38 C 1373.

81 *Royal Commission Report*, *supra* note 30, at xxxvii (para. 239).

82 *See* BARNES, *supra* note 53. Apparently between 1843 and 1886 there were eleven bills presented to the U.S. Congress on this matter, see NOWELL-SMITH, *supra* note 8, at 69. Much of the correspondence can be found in P.R.O.: B.T. 22/38.

83 SIDNEY MOSS, CHARLES DICKENS'S QUARREL WITH AMERICA (1984) (explaining that Dickens's comments on copyright prompted twenty-five years of bad blood between Dickens and the American press).

stead, it only conferred U.S. copyright protection on U.S. residents and citizens. There were numerous initiatives, both to produce domestic U.S. legislation which would permit recognition of foreign authors and also to formulate a treaty. Occasionally, negotiations had come close to concluding an agreement. For example, the 1853 draft treaty negotiated by Robert Lytton and John Crampton obtained President Fillmore's approval (and was signed, by the Secretary of State, Edward Everett), but was not ratified by the requisite two-thirds majority of the Senate.[85] However, despite the sympathy of many U.S. authors and publishers for the British case for an international treaty,[86] the protectionist interests of the local printing industries always seemed to win out throughout this period over the moral claims of the foreign authors.[87]

By the 1880s, the primary aim for copyright reformers in the U.K. was for a treaty with the U.S. so that British authors and publishers could gain U.S. copyright protection. And there were, once again, some promising signs.[88] A treaty proposal drafted in September 1880 with the support of Boston and New York publishers (though not those in Philadelphia) was widely discussed in 1881.[89] While there was concern in the U.K. over the inclusion of a "manufacturing clause" making U.S. protection conditional on the work being printed in the U.S., it was increasingly accepted that, however contrary to free trade dogma such a clause might have been, it might have to be conceded in order to gain the support of the U.S. print-

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[84] ANTHONY TROLLOPE, AN AUTOBIOGRAPHY 308-14 (1950). *See also* FEATHER, *supra* note 2, at 167.

[85] *See* BARNES, *supra* note 53, chs. 11 & 12.

[86] *Royal Commission Report*, *supra* note 30, at xxxviii (para. 246); C. Appleton, *Royal Commission Evidence*, *supra* note 30, at 177-82 (Qs. 3522-608) (explaining the different positions taken in the United States); RICHARD ROGERS BOWKER, COPYRIGHT — ITS LAW AND ITS LITERATURE 25 (1886) (United States refusal to enter agreement not honourable).

[87] S. Conant, *International Copyright — An American View*, 40 MACMILLAN'S MAGAZINE 151, 153 (1879) (few American authors and publishers deny the justice of protecting British authors, but the publishers, especially in the South and West, fear that it is a device through which British publishers will try to capture the U.S. market).

[88] *Id.* (the negotiating process has assumed a phase from which practical results might reasonably be expected); *cf. An Englishman's View on the Foregoing*, 40 MACMILLAN'S MAGAZINE 161, 163 (1879) (author stating he was not aware of the "new urgency" for an Anglo-American agreement).

[89] *Correspondence Relative to Suggested Copyright Convention Between Great Britain and the United States* (1881) C. 2870, 98 PARLIAMENTARY PAPERS 1 (1881); *Correspondence Relating to U.S. Copyright Act* (1890-91), C. 6425, 83 PARLIAMENTARY PAPERS 671. For proposals, government responses, and collections of related materials, see also P.R.O.: B.T. 22/37, especially R 3212, R 8079, R 8092, R 10908, R 3248.

ers.[90] While negotiations stalled again in March 1882, another draft was circulated in February 1883, and bills were before Congress in both 1884 and 1885.[91] With these negotiations underway, Farrer and the Board of Trade were hoping to achieve what they regarded as the ultimate goal of copyright reform. They were reluctant to become distracted by the economically much less important European discussions. Moreover, entry into the multilateral treaty was opposed in so far as it would have limited Britain's ability to negotiate bilaterally with the U.S. Another problem was that entry into the Convention may have also required modifications of British law that would have proved unacceptable to the United States. In 1884, Thomas Farrer explained his caution in relation to the Berne negotiations thus:

> Further the United States are not a party to the Convention. Now to our authors the U.S. are of far more consequence than all the nations of Europe. To enter into a Convention with France, Germany and Italy — which might contain terms not acceptable to America would be a dangerous step . . . I confess I shrink from touching the subject, unless there were some great object to be gained — such as the American market.[92]

D. British Entry Into an International Convention Was Impossible

Another reason why the British were reluctant to enter into negotiations for a multilateral treaty was that it was thought by many that Britain was not in a position where it could join such a convention. This was because to comply with the 1884 Draft, British copyright law would have had to have been reformed (treaties not being self-executing). The problem was that it was simply not foreseeable that the necessary domestic reforms would have been able to be effected to enable this to take place.

These defeatist conclusions stemmed, in part, from the realization that despite widespread agreement that British copyright law was a mess and that it needed to be codified, it had proved to be an impossible goal. Copyright law at that stage — though recognisable more or less as a distinct category of law — was a combination of vague rulings of common law (largely in respect of unpublished materials) and a jumble of statutory

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[90] *Royal Commission Report, supra* note 30, at xxxviii (para. 250).

[91] The Dorsheimer Bill of Jan. 8, 1884, H.R. 2418 (48th Cong.), and the Hawley Bill of Jan. 6, 1885, S. 2498 (48th Cong.), referred to in P.R.O.: B.T. 22/37. *See also* BOWKER, *supra* note 86, at 30-32.

[92] Farrer to Chamberlain, Nov. 24, 1884, *in* P.R.O.: B.T. 22/39/6.

rules to be found in (at least) fourteen Acts of Parliament.[93] Of this state of affairs, the Royal Commission of 1875-78 said that:

> The first observation which a study of the existing law suggests is that its form, as distinguished from its substance, seems to us bad. The law is wholly destitute of any sort of arrangement, incomplete, often obscure, and even when it is intelligible upon long study, it is in many parts so ill expressed that no-one who does not give such study to it can expect to understand it.[94]

Even the most important of the fourteen Acts — the *Literary Copyright Act of 1842* — was described as a "scrap-heap of English copyright legislation."[95]

Although national copyright law was a mess, it was not easy to see in what way it could be reformed. For example, despite forty-eight days of evidence and the benefit of some of the finest minds of the time, the Royal Commission of 1875-78, was unable to reach unanimous conclusions on even the simplest points of copyright reform.[96] While the Royal Commission made a number of majority recommendations, the report was subject to a host of partial dissents.[97] As John Feather, the historian, has observed, the Commissioners "seem to have been almost overwhelmed by the size and complexity of the subject which they had been called upon to analyse."[98] In all, the twenty years preceding the Berne Convention witnessed four attempts to codify copyright law on a consistent basis,[99] as well as numerous attempts to amend specific areas of the law (in particular, relating to artistic copyright). None succeeded, in part because each raised controversial questions of principle that could not be resolved. (Indeed,

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[93] By 1891, Bergne tells us that the law was "comprised in eighteen more or less complicated and unintelligible statutes." John Henry Bergne, *Anglo-American Copyright*, 172 Q. REV. 380, 393 (1891).

[94] *Royal Commission Report*, *supra* note 30, at vii (para. 7).

[95] BRIGGS, *supra* note 1, at v (1906).

[96] The Royal Commission heard evidence from forty-nine witnesses, and the published evidence amounts to 409 pages. *See Royal Commission Evidence*, *supra* note 30.

[97] Sir Louis Mallet was the only member of the Commission whose dissent was total. *Royal Commission Report*, *supra* note 30, at xlvi-lvii.

[98] FEATHER, *supra* note 2, at 194.

[99] In 1864 Adam Black had introduced a Bill attempting to consolidate copyright law as a whole. *See* Bill to Consolidate and Amend Acts relating to Copyright in Works of Literature and Fine Arts (1864) (Bill No. 59), 1 PARLIAMENTARY PAPERS 501. In 1878 and 1879, Bills were introduced to give effect to the Copyright Commission's recommendations by Jenkins and Lord John Manners. *See* Bill to Consolidate and Amend the Law relating to Copyright (1878-79) (Bill No. 265), 2 PARLIAMENTARY PAPERS 3. The 1881 Bill, A Bill to Amend and Consolidate the Law relating to Copyright, No. 121, is contained in 1 PARLIAMENTARY PAPERS 639 (1881).

despite numerous attempts even after 1886, full codification was not to occur until 1911). Although Farrer accepted that rationalisation was ultimately a desirable goal, he was not interested in this task, explicitly distancing himself (and the Board of Trade) from legislative proposals for codification.[100]

Having decided that the task of codifying the domestic law was too difficult, it is not surprising that Farrer took a dim view of any international negotiations that might have required domestic law to be substantially altered. Advising Chamberlain not to commit the U.K. to changing its laws,[101] Farrer explained that:

> the alterations would probably be much more intricate and elaborate than they at first seem: and they might raise a number of collateral points, some of them affecting the most touchy and the most noisy — and by no means the most reasonable classes of English society . . . Copyright is a most thorny subject . . . every point bristles with difficulty: and in every corner lurks a wasp's nest. I confess I shrink from touching the subject, unless there were some great object to be gained — such as the American market.[102]

III. VOLTE-FACE: THE DECISION TO JOIN THE CONVENTION

As we explained earlier, 1885 marked an important change in the British approach to the proposed multilateral treaty. While prior to this, the British government had no real interest in becoming a member of the proposed multilateral Convention, during the course of 1885, there was a *volte-face*. The crucial decision to get involved in the treaty negotiations of 1885 seems to have been taken during the period of Lord Salisbury's minority caretaker government — which held the reins of power from 8 June 1885 to 27 January 1886: between the second (1880-1885) and third (1886) of Gladstone's periods of office. During this period, Salisbury was also Secretary of State for Foreign Affairs and seems to have exercised a much

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100 When Lord John Manners wrote to Treasury asking for assistance in drawing up a Bill to give effect to the recommendations of the Royal Commission, Farrer advised on Nov. 23, 1878 that the Treasury should comply with Lord John Manner's request "it being understood that the Bill is in his charge." P.R.O.: B.T. 13/9/15 E 4158.

101 P.R.O.: B.T. 22/39/6.

102 Farrer to Chamberlain, Nov. 24, 1884, *in* P.R.O.: B.T. 22/39/6. The reference to a "wasps nest" seems to allude to the attack on Farrer in the *Edinburgh Review*, where the author had threatened that "if the Board of Trade attempts to force a bill through Parliament in the spirit of Mr. Farrer's recommendations, it will find itself surrounded by a swarm of infuriated hornets." *See Review of Report of Copyright Commission, supra* note 31, at 339.

more weighty influence than Gladstone's Secretary of State, Earl Granville.[103] The correspondence of the period suggests a more direct involvement, with the Foreign Office having the upper hand over the Board of Trade — perhaps because Salisbury was also Prime Minister.[104] For example, in response to Adams's appeal for power to enter negotiations, the records of correspondence report that "Lord Salisbury is of the opinion it should not be neglected."[105] This may well have reflected differences in attitude of Gladstone-Granville and Salisbury towards foreign policy generally and commercial treaty making in particular.[106] In terms of foreign policy, Gladstone had left Britain isolated in Europe,[107] and Salisbury was eager to renew connections. The latter's more positive approach to the copyright negotiations may simply have been symptomatic of his more general enthusiasm for foreign relations.[108] As regards commercial treaty making more specifically, Gladstone-Granville had stood for the unilateral free trade doctrines that had dominated since the 1860s, but which by the 1880s were coming to be questioned as first the French and then the Germans reimposed tariffs. In contrast, while declaring himself to be a free-trader, Salisbury argued that treaty negotiating was an important technique that could be used to convince other countries of the need for no tariffs.[109] Although by no means a central issue in the impending general election, Salisbury campaigned that "the people must decide whether

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103 Granville Gower, 2nd Earl Granville was Secretary of State from 1880-1885.

104 In contrast with the sudden direction given to the Foreign Office, the Board of Trade had no settled political leadership during this period: Salisbury initially appointed Charles Henry Gordon-Lennox, the 6th Duke of Richmond to the Board of Trade, but in Aug. 1885 replaced him with Edward Stanhope.

105 P.R.O.: B.T. 22/39/6.

106 There is some suggestion that Lord Salisbury was well known to be interested in the copyright issue. Daldy to Salisbury, Disp. No. 1, *in Correspondence Respecting the Formation of an International Copyright Union* 1 C. 4856 (1886), 73 PARLIAMENTARY PAPERS [hereinafter *Correspondence II*].

107 ANDREW ROBERTS, SALISBURY — VICTORIAN TITAN 339 (1999). Granville was criticised as being courteous but ineffective. *See Foreign and Colonial Failures,* 137 BLACKWOOD'S MAGAZINE 298, 299 (1885).

108 One author described Salisbury as "one of the dominant European, indeed world statesmen of the last quarter of the nineteenth century, hardly inferior in stature to Bismarck." PAUL SMITH, LORD SALISBURY ON POLITICS: A SELECTION FROM HIS ARTICLES IN THE "QUARTERLY REVIEW" 1860-1883, 1 (1972).

109 PETER MARSH, BARGAINING ON EUROPE: BRITAIN AND THE FIRST COMMON MARKET, 1860-1892, ch. 7, *The Quandary over Commercial Policy, 1883-1888* (1999).

the necessary weapon, a bargaining tariff, ought to be placed in his hands."[110]

At a level lower within government, the reluctance of the Board of Trade to enter into international negotiations had long been in tension with the more accommodating views of the Foreign Office.[111] With Salisbury in power, the persistent tension between the two departments seems to have dissolved, giving greater influence to the enthusiastic stance of Britain's two representatives: Francis Ottiwell Adams and John Henry Gibbs Bergne.

Adams was the more senior, by 1885 being fifty-nine and having been in the Diplomatic Service from 1854.[112] Adams, who was also a writer,[113] was the British Envoy at Berne from 1881, and prior to that his most significant diplomatic involvement seems to have been at the Postal Congress at Paris in 1878. Adams first became involved in Berne negotiations (it seems) when he was sent the draft Convention drawn up by International Literary Association in September 1883, and was Britain's sole representative at the first diplomatic conference in 1884.[114] At various times Adams argued for greater powers of involvement, and that the British government ought to take the necessary action to facilitate the adoption of the

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[110] THE TIMES, Aug. 6, 1885, *cited in* MARSH, *supra* note 109, at 161. *See also* DAVID STEELE, LORD SALISBURY: A POLITICAL BIOGRAPHY 192-93 (1999); ROBERT TAYLOR, LORD SALISBURY 99-100 (1975).

[111] Although both Departments had an interest in commercial treaties, their interests often differed. In 1872, the Board of Trade's functions in negotiating commercial treaties were transferred to the foreign office.

See P.R.O.: B.T. 13/11/1. On the tension between the two departments, see A. Cecil, *Ch VIII The Foreign Office*, *in* 3 THE CAMBRIDGE HISTORY OF BRITISH FOREIGN POLICY, 1866-1919 (Adolphus Ward & George Gooch eds., 1923). The tension was directly reflected in a dispute over whether to introduce copyright legislation in early 1885, as proposed by the Foreign Office but objected to by the Board of Trade. Ultimately, the matter was resolved in the Board of Trade's favour by the Lord Chancellor. *See* Disp. No. 57, *in* UNPUBLISHED F.O. CORRESPONDENCE, *supra* note 76.

[112] Adams was born in 1826 in Quebec, Canada. He graduated with Honours in Mathematics and Classics from Trinity College, Cambridge in 1848 before going to the Bar in 1852. He was in the diplomatic service from as early as 1854, serving variously in Stockholm, St. Petersburg, Paris, Washington, Japan and Berlin. Adams retired in 1888 but remained in Switzerland and, having fallen ill while mountaineering, died at Grindelwald in Switzerland in July 1889. *See* Frederic Boase, 4 MODERN ENGLISH BIOGRAPHY (A-C Supp. to vol. 1) (first published 1908; republished 1965); 4 ADMISSIONS TO TRINITY COLLEGE, CAMBRIDGE (1801-1850) 544 (1911).

[113] Adams was author of two works. *See* FRANCIS O. ADAMS, THE HISTORY OF JAPAN (1874); FRANCIS O. ADAMS & C.D. CUNNINGHAM, THE SWISS CONFEDERATION (1889).

[114] Sept. 10, 1883, P.R.O.:B.T. 22/39/6, R 10634.

agreement. For example, at the end of the 1884 conference, Adams wrote to Granville:

> I am aware that, unfortunately, in the present state of our Copyright Law, Great Britain is unable as yet to enter into any such Union . . . but I cannot help, with all due deference, urging upon Her Majesty's Government the expediency of taking measures for amending the Law. This course, I venture to presume, must ultimately be adopted. Should it not be sooner rather than later?[115]

In December 1884, Adams again wrote to Julian Pauncefote (the permanent under-secretary of state for foreign affairs) saying that he was "much disappointed at the opposition of the Board of Trade to what I believe to be the opinion of the Foreign Office and the true interest of Great Britain in respect of this important question."[116]

At the second conference in 1885, Adams was joined by John Henry Gibbs Bergne.[117] Bergne, who was forty-three when he entered the Foreign Office in 1861, was Superintendant in the Treaty Department of the Foreign Office from 1881.[118] His involvement in copyright negotiations continued long after September 1886 — indeed he was Britain's representative at the Paris Revision in 1896 and at Berlin in 1908 — at which he died of a chill.[119] His enthusiasm for the agreement can be seen from various articles he wrote, not least his account of "The International Copyright Union" in the *Law Quarterly Review* of 1886, where he described the signing of the Treaty as marking "a distinct era in the history of the inter-

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115 Adams to Granville, Sept. 26, 1884, Disp. No. 26, *in Correspondence I*, *supra* note 13, at 29. Adams to Granville, Oct. 3, 1884, Disp. No. 27. *Id.* at 30 (referring to a German proposal to codify copyright at an international level as "clearly a step in the right direction"). Adams gave a speech pleading for international copyright to the first banquet of the newly founded Society of Authors on Oct. 18, 1884. *See* VICTOR BONHAM-CARTER, 1 AUTHORS BY PROFESSION 125 (1978). Adams became Vice President of the Society.

116 Disp. No. 48, *in* UNPUBLISHED F.O. CORRESPONDENCE, *supra* note 76.

117 For his appointment, see Salisbury to Bergne, Aug. 18, 1885, Disp. No. 47, *in Correspondence I*, *supra* note 13, at 46.

118 Bergne retired from the Foreign Office in 1902. 1 DICTIONARY OF NATIONAL BIOGRAPHY, 2nd SUPPLEMENT 148-49 (Sir Sidney Lee ed., 1912); THE TIMES, Nov. 16, 1908, at 13.

119 *See* Sir Edward Grey to G.R. Askwith, K.C., *in* CORRESPONDENCE RESPECTING THE REVISED CONVENTION OF BERNE 21 (1908) Cd 4467.

national law of copyright."[120] Bergne saw the Convention as the first stage in the formulation of a universal copyright code.[121]

Although the changes in the balance of influence of the two departments and the enthusiasm of the two negotiators appear to have been significant factors in explaining Britain's *volte-face* on international copyright, we should not make too much out of the differing personal attitudes towards the copyright convention. This is because Salisbury was only in office during the 1885 negotiations and Gladstone was back in power by the time the Convention was signed and ratified. Had it been a matter of principle, or contrary to British interests, Gladstone would have presumably declined to do so. Rather, the changes in personnel also coincided with changing perceptions of the value of entering into such a convention. In particular, such a convention began to be perceived as both desirable and necessary to protect British interests. Moreover, as a result of changes in the proposals themselves, it came to be accepted that Britain would be able to enter the proposed Convention without having to carry out extensive domestic reforms: the 1885 proposal was one to which the British *could* actually subscribe.

A. Endangerment of the Existing Bilateral Arrangements

Farrer had long doubted the need for a multilateral copyright Convention, seeing it as a project in legal aesthetics sponsored by international jurists.[122] However, in 1885, an interest group comprising publishers and authors and other persons "interested in copyright property," called the "Copyright Association"[123] approached the Government. The Copyright

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120 Bergne, *supra* note 49, at 14. *See also* Bergne, *supra* note 93, at 382-83 (celebrating consensus that literary and artistic works are property and as such entitled to protection from theft and misappropriation).

121 Bergne, *supra* note 93, at 383 ("Thus has commenced the codification of international law in the matter of copyright; but further years of experience in the practical working of the Convention are needful before the time arrives to select the best portions of the domestic law of each State, in order to form a copyright code which shall be operative in all the states of the Union").

122 Farrer had observed that "the law is very confused, illogical, and unscientific: but on the whole answers its purpose. There is absolutely nothing to be got for the public by amending it; and not much for authors and artists. It would be well to have it rearranged and logically settled — but every point bristles with difficulty." Farrer to Chamberlain, Nov. 24, 1884, *in* P.R.O.: B.T. 22/39/6.

123 The Copyright Association was formed in 1872 with the object of watching over the general interests of copyright owners. *See* Longman and Murray to Kimberley, Mar. 26, 1872, Disp. No. 70, *in Colonial Copyright I*, *supra* note 44, at 66. Its founder members included William Smith, Robert Browning, John Murray, T. Longman, A. Macmillan and F. Daldy. Daldy was initially

Association took the view that it was important for British representatives to be able to negotiate and vote at the 1885 conference. The Association believed that Britain might have been forced to enter into a multilateral treaty in order to maintain existing levels of protection in Europe. This was because the Copyright Association had doubts over whether the existing position could be sustained through bilateral agreements once a multilateral agreement was established.[124] The Copyright Association feared that such a Convention would lead to systematic denouncements of the existing, bilateral arrangement, which could all be terminated with under a years notice.[125] If it was going to be necessary for Britain to join such a Convention, the Copyright Association argued that Britain should engage in its formulation, "otherwise a basis of Union may be formed to which we cannot assent."[126] This expression of need seems to have signified the start of a change of attitude in government circles to the issue of a multilateral treaty. On 15 August 1885, the Foreign Office responded with a letter to the Board of Trade, explaining that Lord Salisbury intended to confer on Francis Adams extended powers because,

> It is not improbable that existing British Copyright conventions will be denounced in consequence of the formation of such a Union, and the question is therefore one which materially affects the British interests. Lord Salisbury is of the opinion it should not be neglected.[127]

B. The United States Presence

If, in 1885, entering the negotiations and ultimately ratifying the Convention suddenly seemed necessary to maintain existing levels of protection in European markets, it also came to be seen as a desirable method for achieving existing aims and solving existing problems.

Undoubtedly, the single most important reason for the British change of heart towards the proposed treaty was the decision of the United States

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appointed Honourable Secretary. Its influence seems to have been significant: Daldy was a Member of the Royal Commission of 1875-78.

124 Adams had predicted after the Conference in 1884 that a copyright union had "every likelihood of being founded at no distant period." Letter of Sept. 26, 1884, from Adams to Granville. Disp. No. 26, *in Correspondence I, supra* note 13, at 29.

125 The possibility of denouncements had been mentioned in a letter from Pauncefote to Calcraft, Oct. 22, 1884, Disp. No. 29, observing that "the position of British authors and copyright owners would in such a case become exceedingly serious." *Id.* at 31.

126 Memorandum delivered from Daldy to Bourke at an interview on July 31, 1885. *See* Disp. No. 39. *Id.* at 37.

127 P.R.O.:B.T. 22/39/6.

government to send a delegate to the 1885 conference. If, as Calcraft (then Assistant Secretary in the Board of Trade) had said in 1884, the "extreme importance" of American copyright to English authors was a good reason not to engage in the negotiations at Berne,[128] the presence of the American delegate a year later was a compelling reason to get involved. According to Henry Bergne, the U.S. possessed "an importance in regard to this question which probably exceeds that attaching to all the rest of the world put together."[129] On 13 June 1885, Numa Droz informed Francis Adams that the United States would be turning up, and Adams passed on the news to the Foreign Office. In direct response, the Foreign Office first checked with the Americans, and then granted Adams powers to enter discussions and vote,[130] giving him instructions to be "especially careful to notice and report any views which may be expressed by the United States delegates."[131]

As things turned out, the United States delegate, Boyd Winchester, was not authorised to vote at the proceedings or to bind the United States government in any way.[132] However, as a result of the fact that a delegate was there and the comments he made,[133] the British felt re-assured that even if the U.S. did not sign the Convention (which Adams and Bergne thought it would), the British ratification would not prejudice potential Anglo-American relations. In fact, a belief emerged that British ratification was as likely as anything to prompt the United States to join the Convention.[134] As Adams and Bergne reported, "we do not think that there

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128 Calcraft to Pauncefote, Dec. 2, 1884, Disp. No. 32, *in Correspondence I*, *supra* note 13, at 33-34.

129 Bergne, *supra* note 49, at 14.

130 P.R.O.: B.T. 22/39/6.

131 Salisbury to Adams, Aug. 18, 1885, Disp. No. 46, *in Correspondence I*, *supra* note 13, at 45.

132 Adams to Salisbury, Sept. 9, 1885, Disp. No. 52. *Id.* at 48.

133 Adams to Iddesleigh, Report on speech of Boyd Winchester (U.S.) where he "represents strongly the general regret felt at the Conference that the U.S. was not able to become one of the original members of the Copyright Union . . . He descants most eloquently . . . upon the moral right of foreign authors to have the products of their brain protected there by virtue of reciprocity . . . ," Disp. No. 201, *in* UNPUBLISHED F.O. CORRESPONDENCE, *supra* note 76. This impression was reinforced by the fact that President Cleveland mentioned the issue of international copyright in his annual address to the first session of the 49th Congress. *See* THORVALD SOLBERG, THE DEVELOPMENT OF INTERNATIONAL COPYRIGHT RELATIONS BETWEEN THE UNITED STATES AND FOREIGN COUNTRIES 16 (1934) (quoting Cleveland as remarking that, "The interesting and important subject of international copyright has been before you for several years. Action is certainly desirable to effect the object in view . . . ").

134 Adams to Granville, Feb. 12, 1885 reporting conversation with M. Droz. where the latter had argued that "If, as was evident, Great Britain's object was to

can be any ground for the apprehension which has been expressed in some quarters that an immediate amendment of English law, with a view to the entry of Great Britain into the proposed Union, would have a prejudicial effect in regard to any copyright negotiations with the United States."[135]

Another stumbling block to Britain's entry into the proposed multilateral treaty was the fear that it would have had a negative impact on Britain's relationship with its colonies. However, as with the fears over the U.S., these concerns started to dissipate during the 1885 negotiations. While (from the point of view of imperial colonial relations), the three most objectionable provisions of the 1884 proposals (concerning seizure, translations and non-Convention works) remained in the 1885 draft treaty, they did so in modified form.[136] More importantly, Adams and Bergne successfully argued for a clause enabling countries to sign on behalf of their colonies or not, as they wished.[137] This meant that the British government retained the flexibility, if necessary, to exempt Canada or India (or other dissenting colonies) from the consequences of the Convention. Although the British government would have been extremely reluctant to do so, the clause meant that it could have approached the colonies and self-governing dominions seeking their consent to join the Convention, rather than imposing the treaty on the colonial states (and appearing to be willing to sacrifice colonial interests to imperial ones). And this was what happened: a Departmental Committee was established in March 1886 chaired by Mr. Bryce,[138] which included the agents of the principal self-governing dominions, such as Sir C. Tupper, High Commissioner for Canada[139]; and the Imperial government circulated all of the colonies asking them to comment on and seeking their consent for the legislation that it would be necessary to enact in order to enable Britain to join on behalf of all the colonies.[140] When Britain signed the Convention, it did so on be-

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come to terms on copyright matters with the U.S., she could adopt no surer method than herself to join the Union. . . .There would be what may be called an international morality about it . . . ." Disp. No. 53, *in* UNPUBLISHED F.O. CORRESPONDENCE, *supra* note 76.

135 Adams & Bergne, Sept. 28, 1885, Disp. No. 58, *in Correspondence I*, *supra* note 13 at 55.

136 Berne Convention (1886), Arts. 12, 5 and 3. The seizure provision was qualified by a requirement that "the seizure shall take place conformably to the domestic law of each state"; the translation right was limited to 10 years; and the provision for protection of non-Convention nationals was limited to publishers rather than authors.

137 Berne Convention (1886), Art. 19.

138 James Bryce, M.P., was then the Parliamentary Under Secretary of State for Foreign Affairs, and Regius Professor of Civil Law at Oxford.

139 THE TIMES, Mar. 22, 1886, at 7.

140 James Bryce, Under-Secretary of State for Foreign Affairs, *in* 304 HANSARD 1143 (Apr. 8, 1885) (explaining that Her Majesty's government would not

half of all the colonies and possessions. However, it reserved freedom for the self-governing dominions (India, Canada, Newfoundland, Cape of Good Hope, Natal, New South Wales, Victoria, Queensland, Tasmania, South Australia, Western Australia and New Zealand) to withdraw at a later date if they so desired.

The Convention presented an opportunity to resolve some of the other problems with imperial-colonial copyright relations — in particular, the problems that arose from the terms of the 1842 *Literary Property Act* and the House of Lords decision in *Routledge v. Low*. Once the Committee had agreed to reform of colonial copyright, the Government introduced legislation in the form of the 1886 *International Copyright Act*. According to Bergne, the 1886 Act "realised a great idea — that of Imperial copyright; a step in the direction of the Federalization of the British Empire." Under section 8, literary or artistic works first produced (that is, published or made) in any British possession could acquire copyright in every other part of the Empire."[141] Formalities, such as registration, were deemed to have been satisfied by entry in a local register. At the same time, the 1886 Act made it clear that imperial law did not preclude local colonial legislation if it was thought to be desirable: so long as such legislation did not conflict with the imperial scheme.[142]

C. *The Possibility of Domestic Reform*

As we mentioned above, one of the reasons why the Board of Trade was opposed to British involvement at the 1884 conference was the belief that if Britain were to sign a Convention, it would not have been able to be ratified. This, because the Convention would have required Britain to undertake the impossible task of reforming the domestic law. As Henry Calcraft (then assistant secretary to the Board of Trade) explained in a letter to Sir Julian Pauncefote (the assistant secretary at the Foreign Office) in December 1884, "collateral points of a disputable character are involved in any attempted legislation of this nature."[143] Looking at the 1884 draft,

enter the Convention on behalf of the colonies without their consent and emphasizing the spirit with which the legislation was being introduced as "to consolidate good feeling between this country and the colonies"); Lord Herschell L.C., *in* 307 HANSARD 21 (3d. ser., June 21, 1886) (reporting that all the colonies had replied, except New South Wales, consenting to the proposed legislation).

141 International Copyright Act 1886 (49 & 50 Vict. c. 33) s. 8(1). *See also* Bergne, *supra* note 93.

142 S. 8(4) (nothing to prevent passing of law by British possession respecting copyright within the limits of such possession in respect of works first produced in that possession.).

143 Calcraft to Pauncefote, Dec. 2, 1884, Disp. No. 32, *in Correspondence I*, *supra* note 13, at 33.

he noted that "the proposals of the Conference go far beyond any mere amendment of the law by repeal of those minor requirements touching registration, deposit of copies and translation." In particular, as we already noted the Final Protocol contained recommendations on the term of copyright — an issue that could always be relied on to prompt fierce debate over the juridical and philosophical nature of copyright (as had famously occurred in the "Literary Property Debate" of the 1760s and early 1770s, and the debates preceding the passage of the 1842 *Literary Copyright Act*). As Farrer observed, increasing the term of copyright was "a vital alteration — not only of form but also of principle. It would lead to endless discussion — it was recommended by the Royal Commission — but that does not settle matters."[144]

Two years later, in December 1885, the Board of Trade was taking a very different attitude to reform of domestic law. In stunning contrast to the messages of 1884, Henry Calcraft wrote in December 1885 that the Board of Trade was

> strongly of opinion that the present opportunity should not be lost for putting the Copyright question on a more satisfactory footing and that as legislation is necessary to enable this country to become a party to the proposed International Copyright Union, the Board of Trade will be prepared to submit a Bill to Parliament embodying the necessary changes in the present law.[145]

One possible explanation for this change of attitude can be traced to the changing nature of the Convention. More specifically it can be attributed to the fact that in contrast with the relatively ambitious 1884 draft, at the 1885 Conference, the proposals were pared down.[146] As Adams and Bergne explained in their Report,[147] during the 1885 proceedings their aim had been to remove detail from the draft and confine the agreement to broad principles corresponding to the recommendations of the Royal Commission of 1875-78.[148] Almost all their proposals were accepted at the Conference, so the 1885 draft was considerably more modest than its predecessor a year earlier.[149] As a result, there was no need to codify copyright

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144 Farrer to Chamberlain, Nov. 24, 1884, *in* P.R.O.:B.T. 22/39/6.

145 Calcraft to Pauncefote, Dec. 18, 1885, Disp. No. 65, *in Correspondence I*, *supra* note 13, at 71.

146 Though this was not how *The Times* saw it. THE TIMES, Sept. 19, 1885, at 5 (the draft "differs but slightly from that adopted last year.").

147 Sept. 28, 1885, Disp. No. 58, *in Correspondence I*, *supra* note 13, at 50.

148 *Id.*

149 Daldy wrote to Lord Salisbury congratulating Adams and Bergne on their efforts, declaring they had "most efficiently carried out their instructions and with great skill and tact improved by their influence the draft Articles, so

law, or to extend protection to new subject matter to comply with the 1885 draft. Most importantly, the 1885 draft contained no provision on the duration of copyright, a more limited requirement on translations than in the 1884 draft, and the possibility of retaining certain formal requirements as prerequisites of protection of works of British origin. All in all, the 1885 agreement was one to which the British could subscribe without disturbing the "hornets nest" that the Board of Trade feared.[150] The fact that the Convention only required limited reforms proved to be significant: after initial plans for wholesale copyright reform at the start of 1886, the exigencies of Parliamentary time meant that the minor modifications of the International Copyright Act 1886 were all that the government could achieve.[151]

CONCLUSION

The story of Britain's decision to sign the Berne Convention is a useful reminder to those who are tempted to view 1886 as a foundational moment in copyright history, or who believe that the Convention was born out of some inexorable economic, philosophical or cultural logic. While it may be tempting — particularly when we look back from a period which has seen the conclusion of the TRIPs agreement and the rulings of the Dispute Settlement Panels of the WTO — to view the Berne Convention as having laid the foundation of modern international copyright, it is clear that Berne emerged out of a complex matrix of pre-existing international and colonial relations. Furthermore, while Berne may have been a re-

that they can now be regarded by all interested as most satisfactory." Daldy to Salisbury, Dec. 26, 1885, Disp. No.1, *in Correspondence II*, *supra* note 106, at 1.

150 A more remarkable change of heart was the Board of Trade's sudden decision that codification should be pursued as soon as possible: in a letter to Pauncefote, dated Dec. 18, 1885, Disp. No. 65, *in Correspondence I*, *supra* note 13, at 71, Henry Calcraft said that "[t]he Board of Trade further consider that this is of such importance that foreign countries should be able clearly to understand what the law of copyright is in this country; that they think it will be most desirable if the circumstances of the session admit of it, to take the opportunity of codifying the present Copyright law in the bill which they hope to introduce to Parliament at an early date." Perhaps this change reflected a change in mood of the Board of Trade associated with the impending resignation in 1886 of Thomas Farrer and his replacement with Henry Calcraft. Calcraft certainly seems to have been embarrassed by Farrer's refusal to consider copyright reform: in a letter of Jan. 10, 1884, Calcraft stated that "it is not easy" to provide reasons for the Board of Trade's desire that no delegate should be sent to the Berne conference of 1884. *See* P.R.O.: B.T. 22/39/6.

151 Pauncefote to Daldy, Jan. 9, 1886, Disp. No. 3, *in Correspondence II*, *supra* note 106, at 3, and Pauncefote to Herbert, Mar. 4, 1886, Disp. No. 4, *in id.*

sponse to the claims and work of the International Literary Association (or, looked at from a purely British perspective, the Copyright Association), it was equally a strategic instrument for the extension and maintenance of trade interests. Moreover, while the final text may have been a compromise between different versions proffered by more-or-less principled international bargainers, it was hardly the self-conscious battle of two functionally or historically distinct legal traditions.[152] Most importantly, looking back at Berne today it may seem that it was, as Numa Droz hoped, a solid base from which international copyright would inevitably expand, in substance and coverage. However, the contingency of Britain's decision to join should remind us that there was nothing inevitable about the success of the Convention, nor about the shape that it should necessarily take in the future.

[152] In particular, assumptions that the "civil" and "common law" traditions had developed distinct identities that needed to be reconciled in international law seem to be ill founded. Certainly, no perception of this distinction is present in the work of the U.K. government. Writing in 1906, an English commentator observed, "A rapid survey of the present position of copyright protection in the civilised countries of the world yields to the conclusion that in essence the rights conceded to authors are everywhere identical . . . But when we come to the details of protection, we find that the laws of various states differ considerably from one another." *See* BRIGGS, *supra* note 1, at 154. For some recognition of a dualism, see Bergne, *supra* note 49, at 20 (describing differences in terms of greater liberality and organisation of laws); *but cf.* Bergne, *supra* note 93, at 382 (expressing bewilderment at "inexhaustible variety" of domestic laws).

AUTHORIZATION REVISITED

by YSOLDE GENDREAU*

In copyright countries, the copyright owner's economic rights are usually described as forming a "bundle of rights." Indeed, a look at section 3 of the Canadian *Copyright Act*,[1] sections 16 to 26 of the British *Copyright, Designs and Patents Act 1988*,[2] sections 36 to 39A of the Australian *Copyright Act 1968*,[3] and even section 106 of the U.S. *Copyright Act*[4] shows a greater propensity to unfoldment than to systematization. Even though they are meant to evolve, rights are generally associated with fairly identifiable activities. To wit, reproduction usually conjures up the idea of printing. When the right is or can no longer be interpreted so as to encompass a new activity that it is believed should come within its scope, the legislator intervenes. This is what happened when, in 1988, the Canadian Parliament changed the "right to broadcast" a work for the "right to communicate to the public by telecommunication"[5] or when it added a right to present artistic works at a public exhibition.[6] The main thrust of a right is thus generally ascertainable and so does the "bundle of rights" grow to become more and more coherent.

One right within that bundle has however remained rather elusive in the Canadian framework: the right to authorize. Reference to this right is found at the end of section 3(1) of the *Copyright Act*. Section 3(1) of the *Act* is the principal section where the copyright owner's economic prerogatives are enumerated. After an opening paragraph that states the three main rights (to produce or reproduce, to perform in public, and to pub-

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1 R.S.C. 1985, c. C-42.

2 1988, c. 48.

3 Copyright Act 1968 (Cth).

4 17 U.S.C. (1994).

5 Canada-United States Free Trade Agreement Implementation Act, S.C. 1988, c. 65, s. 62, amending s. 3(1)(f) of the Copyright Act. *See* Ysolde Gendreau, *A Canadian Retransmission Right: A Reality at Last*, (1988) 4 I.P.J. 397.

6 Act to Amend the Copyright Act and to Amend Other Acts in Consequence Thereof, R.S.C. 1985, c. 10 [4th Supp.], s. 2. *See* David Vaver, *The Canadian Copyright Amendments of 1988*, (1988) 4 I.P.J. 121.

lish), paragraphs identify nine other rights[7] and are followed by the closing words "and to authorize any such acts." The "right to authorize" is thus several rights: the right to authorize a reproduction, the right to authorize a publication, the right to authorize a performance in public, and so forth.

Despite its breakdown in as many "sub-rights" as there are "main" rights, the right to authorize is nevertheless a notional entity whose fundamental underpinnings remain constant. It is those underpinnings that remain difficult to grasp, even though the right has been part of the *Copyright Act* since 1921. Several cases have provided opportunities to examine the application of the right to authorize in different circumstances; but few, if any, have resulted in findings that the exercise of an authorization, distinct from that of the authorized act, took place. There seems to be a conceptual blockage that is hard to surmount. The purpose of the present paper will be to examine the reasons for this difficulty in Canadian copyright law. While it may have been a lingering one when the right to authorize was involved in relation to classical means of diffusion of works (I), the issue has become more topical since the concept of authorization has made its way in the debate over the Internet transmission of works (II).

I. CLASSICAL MEANS OF DIFFUSION

The overall consistency in the analysis of the right to authorize would make it artificial to seek an understanding of its operation by studying its application according to the main rights to which it may be attached: eventual differences in outcomes do not depend so much on whether a reproduction or a performance in public is at stake. However, a noticeable divergence appears when one compares the approach that has prevailed in Canada and in the United Kingdom (A) with the one that has been adopted in Australia (B), a divergence that may provide the key to the explanation.

A. Canada and the United Kingdom

The cases that pertain to the right to authorize in Canada and in the United Kingdom do not all lead to the same result, i.e., that an authoriza-

[7] The debate on the relationship between the rights in the opening paragraph and those that are thereafter enumerated is not closed, but its interest seems to remain academic. Some consider that the two "groups" are mutually exclusive (*see* Claude Brunet, *Copyright: The Economic Rights*, *in* COPYRIGHT AND CONFIDENTIAL INFORMATION LAW IN CANADA 129, 134-36 (Gordon F. Henderson ed. 1994) while others regard the enumeration as an illustration of the rights mentioned in the opening lines (*see* NORMAND TAMARO, LE DROIT D'AUTEUR : FONDEMENTS ET PRINCIPES, MONTREAL, 79-80 (1994).

tion has or has not occurred: it would be too simplistic a situation. There is, however, a palpable reluctance to find that an authorization was given. This attitude is particularly more pronounced in cases where the defendant is taken to task because he has owned equipment that is used in a context where infringement is thought to have resulted.

The crux of the matter is thus the definition of authorization. The right to authorize first appeared in the Imperial *Copyright Act, 1911*.[8] Prior to its enactment, various copyright statutes that were in force referred to the act of "causing" the making, the importing, the performing, the printing of the work.[9] In order to cause such acts, according to the courts, the person who was responsible for this causation had to act as the servant or agent of the person who was actually infringing.[10] The wording of the *Copyright Act, 1911*, which introduced the notion of authorization at the end of the enumeration of the basic economic rights,[11] heralded the beginning of a significant change. The new language was interpreted as a deliberate move away from the previous state of the law towards a broader understanding of causing a third party to make use of a work, where to authorize "is to be understood in its ordinary dictionary sense of 'sanction, approve, and countenance.'"[12] Such an interpretation has become the basis for an expansion of the concept of authorization beyond that of a master-servant relationship.

A fairly high number of cases that revolved around the notion of authorization involve the right of public performance. These can be broken down in cases related to more straightforward performances and cases in which liability is sought on the basis of ownership or possession of something that is instrumental in producing the performance. For the first group of cases, one may say that the early case of *The Performing Right Society, Ltd.* v. *Bradford Corporation*[13] set the tone. Musical entertainment had been organized by the defendant which hired a band with its conductor. The court drew distinctions between three situations. In the first one, the choice of the music would be entirely left to the discretion of the band. In the second one, the defendant would have warned the band not to perform music for which it did not have the right, but some titles

8 1 & 2 Geo. 5, c. 46.

9 Dramatic Literary Property Act 1833, 3 & 4 Will. IV, c. 15, s. 1, The Sculpture Copyright Act 1814, 54 Geo. III, c. 56, s. 3; Copyright Act 1842, 5 & 6 Vict., c. 45, s. 15.

10 Karno v. Pathé Frères, Ltd., (1909) 100 L.T. 260, 262 (the supplier of a film to someone who is performing it is not authorizing the performance because it is not the servant or agent of the person who is performing the film).

11 Copyright Act, 1911, *supra* note 8, s. 1(2).

12 Falcon v. Famous Players Film Co.,[1926] K.B. 474, 491. *See also* Evans v. E. Hulton & Co., Ltd. (1924), [1923-1928] MacG. Cop. Cas. 51.

13 (1921), [1917-1923] MacG. Cop. Cas. 309.

would still find their way on the program and be performed. Lastly, despite the defendant's warning, a singer would nevertheless perform a work, which work would not have been on the program. The court found instances of authorization in the first two situations, but not in the third one. Three Canadian cases echo these findings: when an orchestra is playing, its employer or hirer is responsible for authorizing the performances.[14] It is true that in all of these cases, the defendants also owned the premises where the performances took place; but it is clear that liability did not solely rest on this factor.

Indeed, it has not been possible to impose copyright liability on a defendant merely on the basis that he was renting out the hall where the performances took place.[15] It does not necessarily flow from the ownership of the premises that one actually controls the events that occur in them and the owners are entitled to believe that the premises are used in accordance with the law. Mere ownership or possession of material that is required in order the perform the work are also circumstances that are too remote to confer liability. Persons who ship film reels, even if they know that those who will receive them do not have the necessary permissions to perform the cinematographic works that are embodied in them, cannot be said to authorize the performances.[16] However, a person who owns the film rights in a play and who, by contract, allows a third party to exhibit a film of the play authorizes public performances of the underlying play (the copyright of which is owned by another person).[17] In a more contemporary context, providing video tapes of television programs to affiliated television stations that are already licensed to use the works does not amount

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[14] Canadian Performing Right Soc'y, Ltd. v. Canadian Nat'l Exhibition Ass'n, [1934] O.R. 610; Canadian Performing Right Soc'y, Ltd. v. Canadian Nat'l Exhibition Ass'n, [1938] O.R. 476; Canadian Performing Right Soc'y, Ltd. v. Yee, (1943) 3 C.P.R. 64.

[15] Performing Right Soc'y, Ltd. v. Ciryl Theatrical Syndicate, Ltd., [1924] 1 K.B. 1; de Tervagne v. Ville de Beloeil, [1993] F.C. 227.

[16] Transatlantic Film Co, Ltd. v. Bolus (1919), [1917-1923] MacG. Cop. Cas. 111; Transatlantic Film Co., Ltd. v. Albion Cinema Supplies Co. (1919), [1917-1923] MacG. Cop. Cas. 118. *But see* Monckton v. Pathé Frères Pathephone, Ltd., [1914] 1 K.B. 395, at 403, an earlier case where it had been found that to sell a record implies an authorization to perform the musical work it embodies (*per* Buckley, L.J.). It is worth noting that Kennedy, L.J., bases his reasoning on the concept of secondary infringement. *See infra*, the developments accompanying notes 49-53.

[17] Falcon v. Famous Players Film Co., *supra* note 12. The case is an interesting early example of the impact of new technologies on copyright. The public performance right had been assigned to the plaintiff in 1898, while the film rights had been sold to the defendants in 1919.

to an act of authorization.[18] Yet, a cable company authorizes a performance when it transmits the signals of the work that will be performed when its subscriber is ultimately responsible for the "materialization of the public performance."[19]

Just as it can be performed by a live performer, music can also require the use of technical devices other than musical instruments in order to be heard. Sound recordings are here the equivalent of the film strip. In *Muzak Corporation* v. *Composers, Authors and Publishers Association of Canada, Limited*,[20] sound recordings had been leased by Muzak to a broadcasting corporation which used the recordings for public performances for which it did not have a license. It was clear that Muzak was not at all involved in the activities of the persons to whom it was leasing the recordings. A majority of the Supreme Court of Canada refused to see in this set-up the basis for an "authorization" to perform the music embodied in the recordings: "It would be as if a person who lets a gun to another is to be charged with 'authorizing' hunting without a game license."[21] The court's reasoning was in line with what is probably the most famous Canadian decision on this subject, the Privy Council decision in *Vigneux* v. *Canadian Performing Right Society, Limited*.[22] In that case, the owner of an "electrically operated gramophone" (a jukebox) had rented the machine with its sound recordings to a restaurant where patrons would start public performances by inserting coins into the machine. The Judicial Committee of the Privy Council found that the providers of the jukebox, who were receiving a flat weekly rental fee, were not actually authorizing the public performance of the musical works because "[t]hey had no control over the use of the machine; they had no voice as to whether at any particular time it was to be available to the restaurant customers or not."[23]

Because it appears so far that it is more difficult to find that an authorization was given when the behavior involves some material object,

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[18] Composers Authors and Publishers Ass'n of Canada v. CTV Television Network, Ltd., [1968] S.C.R. 676.

[19] Canadian Cable Television Ass'n v. Canada (Copyright Board), [1993] 2 F.C. 138, 155. The reasoning in this case appears dubious because it rests upon the premise that the subscriber (who in this context is most often a private individual in his home) causes a public performance. Perhaps it can be explained by the fact that, at the time the matter arose, the definition of "musical work" in the Canadian Copyright Act was still raising interpretation problems following the decision in *Composers Authors and Publishers Association of Canada* v. *CTV Television Network Ltd. Id.*

[20] [1953] S.C.R. 182.

[21] *Id.* at 189, *per* Rand, J.

[22] [1945] A.C. 108.

[23] *Id.* at 123. *See in general* P.D. Hitchcock, *Home Copying and Authorization*, (1983) 67 C.P.R. 17, who reviews both *Muzak* and *Vigneux*.

one could imagine that it is just as difficult, not to say even more so, to identify an authorization in the context of the right of reproduction. The situation actually seems to be similar. When a person who is not the copyright owner provides text or drawings in order to have them reproduced, courts are ready to conclude that the person authorized the reproduction or the publication, as the case may be.[24] However, the author of a text who is consulted by the publisher on the selection and layout of photographs and illustrations to accompany the text does not authorize the reproduction of the pictures when the publisher is the sole person responsible for paying the royalties for these reproductions.[25] Moreover, just as in the context of the performing right, providing equipment with which to make reproductions does not amount to an authorization to reproduce. This is true whether one sells blank tapes[26] or twin-deck tape recording machines.[27]

Whether it is linked to performance or to reproduction, the key question remains the same: what behavior can be considered as revealing the act of "sanctioning, approving, or countenancing"? Providing equipment with which to perform or copy is usually not sufficient because there is not enough involvement in or control over the infringing activity itself; it may be "facilitating," but it is not enough to constitute an authorization. What carries more weight is a certain "holding out," a conduct that gives the impression that one indeed has the copyright prerogative that is at stake. If the person who performs, reproduces, publishes, translates or does anything that is within the copyright owner's power could reasonably believe that the person who allowed him to do so actually had the right to give the authorization, then a court would likely find an authorization had been given. There lies the difference between mere hall rental (no authorization) and hall rental plus performance planning (authorization), between mere selection of publication material (no authorization) and handing over of the manuscript (authorization).

The British and Canadian approach to the right of authorization can thus easily be perceived as restrictive because it does not contribute to the identification of a greater number of potential infringers. This attitude is in contrast with the development of the case law in Australia where courts

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[24] Evans v. E. Hulton & Co., Ltd., *supra* note 12; Underwriters' Survey Bureau, Ltd. v. Massie & Renwick, Ltd., [1938] 2 D.L.R. 31, *aff'd on this point*, [1940] S.C.R. 218 (the case which specifically approves the recourse to British case law on this matter); Wilden Pump & Eng'g Co. v. Fusfeld, (1985) 8 I.P.R. 250.

[25] Keays v. Dempster, [1994] F.S.R. 554.

[26] A & M Records, Inc. v. Audio Magnetics, Inc. (U.K.) Ltd., [1979] F.S.R. 1.

[27] C.B.S. Songs, Ltd. v. Amstrad Consumer Elects., Plc., [1988] 1 A.C. 1013.

have demonstrated a greater willingness to assimilate the "facilitators" to "authorizers."

B. Australia

Even more so than in Canada, Australian courts have also studied the concept of authorization and their decisions have sparked a certain dialogue with the British and Canadian courts. Only some more representative cases will be discussed here, however.[28] Contrary to the Anglo-Canadian case law, the cases pertaining to the right of reproduction seem to have taken on a greater significance in Australia.

Indeed, it could be that the British cases on the authorization to perform have been generally perceived as appropriate enough. One special set of circumstances is the one found in *Mellor* v. *Australian Broadcasting Commission*.[29] Music publishers had circulated a pamphlet in which they claimed that various musical works were freely available for public performances because they had paid for their performing rights. They nevertheless sued a broadcaster for having broadcast performances of some works. Since it was of the opinion that the Act did not distinguish between live performances and broadcasts within the concept of "performance" and neither had the authors of the pamphlet, the Privy Council found no reason to conclude that the broadcaster had authorized performances which it should not have.

Other cases pertaining to the right to authorize performances involve the ownership of equipment used for the performances. One can see that the courts have adopted increasingly tougher stances. In an early decision, the owner of a hall where performances took place was found not to have permitted the performances even though it had been informed that they would occur and it did nothing about it.[30] According to the majority of the High Court, it was up to the plaintiff to prove that the defendant permitted the performances and not up to the defendant to prove that it sought to prevent them.[31] A distinct change in attitude became apparent in later cases where the courts did shift the burden of proof onto the owner. Indeed, a court came to the opposite conclusion in *Australasian Performing Right Association, Ltd.* v. *Jain*[32] when it found a tavern owner responsible for having authorized the performance of musical works in his establish-

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[28] For references to all the cases, *see* STANIFORTH RICKETSON, THE LAW OF INTELLECTUAL PROPERTY: COPYRIGHT, DESIGNS & CONFIDENTIAL INFORMATION §§ 9.575-9.610 (2nd ed. 1999).

[29] [1940] A.C. 491.

[30] The Corporation of the City of Adelaide v. The Australasian Performing Right Ass'n, Ltd., (1928) 40 C.L.R. 481.

[31] *Id.* at 502.

[32] (1990) 18 I.P.R. 663.

ment because he deliberately ignored the warnings of the copyright owner that unlicensed music would be performed and did nothing to prevent the situation. A similar approach had been adopted earlier in *Winstone* v. *Wurlitzer Automatic Phonograph Co. of Australia Pty.*,[33] a case whose facts are very similar to those in the Canadian case of *Vigneux*.[34] The court however came to a different conclusion from that of the Privy Council on the basis that the owner of the jukebox shared in the revenue derived from the operation of the jukebox and could decide what records could be put in the machine. To have the power to prevent an infringement could be regarded as a component, or even a corollary, of having the power to authorize a copyright use.

That such a position had been accepted by the courts certainly laid the ground for the seminal decision in the test case of *University of New South Wales* v. *Moorhouse*.[35] An educational establishment that provided to its students both photocopying equipment and works that could be copied was found to have taken insufficient measures to prevent copyright infringements. As such, it meant that it had authorized the reproductions even though it received no financial benefit from the operations. One of the judges of the High Court talked about the "invitation" to infringe that the University had been extending to the users of the photocopying machines by its failure to prevent the infringements.[36] That language was picked up in a later case where a copyright owner was suing a company that was advertising the sale of blank tapes with the claim that the use of the tapes would help to preserve one's "favorite recordings." In addition to finding that no evidence of copying had been adduced and that the tape manufacturer could not control the users' activities, the court declared that:

> The substance of the colorful and somewhat exaggerated language of the advertisements is not *an invitation or incitement to or approval* of the reproduction of sound recordings by Madonna for which copyrights are held by the applicants. Accordingly, the applicants have not established the necessary first step in the case for "authorization." There has not been the necessary sanction, approval or countenance of copyright infringement in the sense of the authorities.[37]

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[33] [1946] V.L.R. 338.

[34] *Supra* note 22.

[35] (1975) 133 C.L.R. 1.

[36] *Id.* at 22-24.

[37] WEA Int'l, Inc. v. Hanimex Corp., (1987) 10 I.P.R. 349, 364 (emphasis added). *See also* Australian Tape Mfrs. Ass'n, Ltd. v. Commonwealth of Australia, (1993) 25 I.P.R. 1, 4-5. *But see* the early British case of Fenning Film Serv., Ltd. v. Wolverhampton, Walsall & Distinct Cinemas, Ltd., [1914] 3 K.B.

The result was the same as in *RCA Corporation* v. *John Fairfax & Sons, Ltd.*,[38] where a newspaper that had published an article that was extolling the advantages of home taping was not found to have authorized the copying that may have ensued as a result of the article. Authorization requires control, which can be evidenced by an ability to prevent, and a recognized authority to influence the course of events. Moreover, the act of authorization cannot exist unless it has actually caused the infringement.[39]

This brief survey of Australian cases on the authorization to make copies would not be complete without some references to cases that do not involve equipment used in the reproduction process. Providing architectural plans so that their main features were to be reproduced by another architect amounts to an authorization to copy the plans.[40] However, a collecting society that grants licenses for the reproduction of literary, dramatic, and musical works does not thereby authorize the reproduction of the "published edition" copyright that coexists with the copyright in the works.[41]

What conclusions can be drawn from the Australian take on the right to authorize? There appears to be some double talk: on the one hand, there is an emphasis on the power to prevent infringements, as evidenced in the *Winstone*,[42] *Moorhouse*,[43] and, to a certain extent, *Jain*[44] decisions. This attitude is compounded by the willingness to embrace invitations, incitements, and approvals within the concept of authorization.[45] On the other hand, however, courts seem to be unwilling to give effect to that very broad language and, just like the Canadian and especially the British courts that struggled with this reasoning,[46] did not find infringements in

1171, when the advertisement for unauthorized performances of films was considered an authorization to perform the films.

38 [1981] 1 N.S.W.L.R. 251.

39 *Id.* at 259.

40 Henley Arch Pty., Ltd. v. Clarendon Homes (Aust) Pty., Ltd., (1998) 41 I.P.R. 443.

41 Nationwide News Pty., Ltd. v. Copyright Agency, Ltd., (1996) 34 I.P.R. 53.

42 *Supra* note 33.

43 *Supra* note 35.

44 *Supra* note 32.

45 *See* University of New South Wales v. Moorhouse, *supra* note 36; WEA Int'l, Inc. v. Haminex Corp., *supra* note 37; and the text accompanying those notes.

46 *See in particular* A & M Records, Inc. v. Audio Magnetics, Inc. (U.K.), Ltd., *supra* note 26; C.B.S. Songs, Ltd. v. Armstrad Consumer Elecs., Plc., *supra* note 27.

the sale of tapes and recorders nor in the promotion of illicit copying.[47] Overall, apart from the bolder decisions, the results are surprisingly similar to those obtained before the Canadian and British courts.

One may still wonder what allowed the Australian courts to display such a willingness to develop language on the scope of authorization that goes beyond what has been traditionally recognized. It may not be without cause that this attitude took a stronger turn in *Moorhouse* and *WEA International*, that is in cases that involve the use of equipment in the making of copies. Now, the copyright statutes of Australia, Canada, and the United Kingdom all have provisions with respect to the rental of halls for public performances that would very much pertain to the situations that were examined in the various cases. Here is the text of the Canadian statute as an example:

> s. 27(5) It is an infringement of copyright for any person, for profit, to permit a theatre or other place of entertainment to be used for the performance in public of a work or other subject-matter without the consent of the owner of the copyright unless that person was not aware, and had no reasonable ground for suspecting, that the performance would be an infringement of copyright.[48]

This kind of infringement is called "secondary infringement" in Canada and in the United Kingdom and "indirect infringement" in Australia. Other behaviors also qualify as secondary infringements, including the making or possession of a "plate" for the purpose of making infringing copies. Corresponding provisions exist in Canada and the United Kingdom,[49] but the Australian *Copyright Act of 1968* does not have an equivalent one. Could it be that the absence of such a measure, admittedly one that does not encompass all the uses examined by the courts in light of a likely authorization, gave a freer hand to the courts?

The relationship between "primary" and secondary infringements in Canada and the United Kingdom is different from the one between direct and indirect infringements in Australia. In the first two countries, there is no link between the two categories of infringements apart from the fact that the secondary ones are set out after the primary ones, which "primary" infringements refer to the various rights that are given to the copy-

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[47] WEA Int'l, Inc. v. Hanimex Corp., *supra* note 37; Australian Tape Mfrs. Ass'n, Ltd. v. Commonwealth of Australia, *supra* note 37; RCA Corp. v. John Fairfax & Sons, Ltd., *supra* note 38.

[48] The corresponding British provisions are sections 25 and 26 of the Copyright, Designs and Patents Act 1988 while the Australian one is section 39 of the Copyright Act 1968.

[49] Copyright Act, s. 27(4); Copyright, Designs and Patents Act 1988, s. 24.

right owner and which include the right to authorize. Section 36 of the Australian *Copyright Act of 1968,* however, sets the stage differently:

> 36(1) Subject to this Act, the copyright in a . . .work is infringed by a person who, not being the owner of the copyright, and without the license of the owner of the copyright, does in Australia, *or authorizes the doing in Australia of any act comprised in the copyright.*
>
> (2) The next three succeeding sections do not affect the generality of the last preceding subsection.[50]

The "next three succeeding sections" are those that elaborate on the *indirect* infringements. Because they cannot "affect the generality of the last preceding subsection," which talks about *direct* infringements including *authorizing the acts* of direct infringements, the dividing line between indirect infringements and authorization is blurred. The second subsection of section 36 bridges direct and indirect infringements in a manner that does not exist in Canada and the United Kingdom. When the distinction between the two types of infringements is maintained and authorization sits firmly in the camp of "primary" infringements, as in Canada and the United Kingdom, it is easier to confine the concept of authorization to situations where the would be infringer is "holding out" as the copyright owner; the perpetrators of secondary infringements clearly refer, then, to people who could not come within this description: sellers, importers, hall owners, makers of infringement tools. However, when the difference is obfuscated, as in Australia, it becomes possible to entertain as possible "authorizers" persons who would not likely be regarded as actual copyright owners.

The ambiguity of the relationship between authorization and secondary or indirect infringements is borne out by the cases. The decision in *City of Adelaide* is always quoted in the discussions on authorization, yet the court only refers to the provision on indirect infringement.[51] One can also argue that the court would have come to the same conclusion in *Jain*[52] had the case been based on the indirect infringement of section 39 of the Australian statute rather than on the concept of authorization. The same could be said of the Canadian and British cases with respect to the authorization to perform.[53]

If, in some circumstances, such a kinship between authorization and secondary infringements exists, there is another parallelism which is just as troubling and perhaps even more so. As early as 1923, the English Court

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[50] Emphasis added.
[51] *Supra* note 30.
[52] *Supra* note 32.
[53] *See supra,* the cases in notes 13-23 and the accompanying text.

of Appeal commented on the phrase "and includes the right to authorize any such acts as aforesaid" in the *Copyright Act, 1911,* the ancestor of today's copyright legislations in the United Kingdom, Canada and Australia, in the following manner:

> Consequently I am disposed to agree with a distinguished writer on copyright [i.e., Macgillivray] that the words "to authorize any such acts as aforesaid" *are superfluous and add nothing to the definition.*[54]

This opinion was further elaborated on three years later:

> It has been said, and I think the comment is not an unfair one, that the use of that word "authorize" adds nothing to the definition, because, strictly speaking, the sole right of performance must necessarily include the right to authorize performance.[55]

Indeed, a writer rarely reproduces his novel: he authorizes a publisher to make copies. A choreographer rarely dances his ballet: he authorizes dancers to perform it. It may be to this kind of arrangement that the Exchequer Court was referring when it said that "[t]he sole right of making copies of any work in which copyright subsists is in the owner, and the owner is the sole person who may authorize others to make copies."[56] It is no wonder, then, that the courts found infringements of the right to authorize reproductions in *Evans*,[57] *Massie & Renwick*,[58] *Wilden Pump*,[59] and *Henley*,[60] but not in *Nationwide News*[61] for example. Persons who pretend to be copyright owners, but who are not, could just as well be found to infringe the basic right as the right to authorize that right. After all, usurping the copyright owner's basic prerogative is what an infringer normally does.

If one were to let the "primary" or direct and secondary or indirect infringement analyses be deployed to their full extent without the help of the concept of authorization, it is quite likely that the right to authorize would play a very limited role in the determination of copyright liability. To a certain extent, apart from the exceptional decisions in *Winstone*[62] and

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[54] Performing Right Soc'y, Ltd. v. Ciryl Theatrical Syndicate, Ltd., *supra* note 15, at 12, *per* Scrutton, L. J. (emphasis added).

[55] Falcon v. Famous Players Film Co., *supra* note 12, at 490, *per* Bankes, L.J.

[56] Underwriters' Survey Bureau, Ltd. v. Massie & Renwick, Ltd., *supra* note 24, at 46.

[57] *Supra* note 12.

[58] *Supra* note 24.

[59] *Supra* note 24.

[60] *Supra* note 40.

[61] *Supra* note 41.

[62] *Supra* note 33.

Moorhouse,[63] it would be difficult to identify situations that would give meaning to the right to authorize which could not be reasoned out through one or the other analytical schemes. It is indeed true in Canada. However, this position may have changed with the advent of Internet transmissions.

II. INTERNET TRANSMISSION

Like other countries, the advent of the Internet has forced the Canadian copyright community to examine which rights would govern the transmission of works over that medium. The existence of section 3(1)(f) in the *Copyright Act*, which provides a right "to communicate the work to the public by telecommunication," simplified part of the debate for it quickly became obvious that this was a very important component of the copyright legal regime of the Internet.[64] However, that opinion had yet to be tested before the courts. The decision of the Copyright Board in the "*Tariff 22*" case offered the opportunity to do so.[65] In this decision, the Board made use of the concept of authorization, but its analysis was carried out only within the context of Canadian internal law; the Board, after all, can only decide within the scope of the powers it has (A). Yet, the Board was also aware of the existence of the WIPO Copyright Treaty of 1996 and deliberately chose not to take into consideration the impact it could eventually have if and when it comes into force. It will therefore be worth investigating if the current state of Canadian law on the authorization to communicate over the Internet is compatible with equivalent wording in that instrument (B).

A. Position of the Canadian Copyright Board

In 1995, the Canadian performing right collective for musical works, SOCAN, filed with the Copyright Board the first statement of proposed royalties for the use of musical works over the Internet. Because it was the first time that it entertained such a proposal, the Board had to determine if indeed it was entitled to set the royalties and what legal rules would apply to this situation. Fully aware of the potential impact of its decision (and of the likelihood of judicial review, whatever the outcome), it chose to hand

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[63] *Supra* note 35.

[64] *See* ADVISORY COMMITTEE ON THE INFORMATION HIGHWAY, COPYRIGHT AND THE INFORMATION HIGHWAY — FINAL REPORT OF THE SUB-COMMITTEE ON COPYRIGHT, OTTAWA, March 1995, 10-13; M. Racicot, M.S. Hayes, A.R. Szibbo & P. Trudel, *The Cyberspace is Not a "No Law Land" — A Study of the Issues of Liability for Content Circulating on the Internet*, INDUSTRY CANADA, February 1997, at 233-34.

[65] SOCAN Statement of Royalties, Public Performance of Musical Works 1996, 1997, 1998 (Tariff 22, Internet) (Re), (1999) 1 C.P.R. (4th) 417 [hereinafter *Tariff 22*].

down its decision in two parts: the first one would deal with the legal matters while the setting of the royalties themselves would come at a later time.

In the first decision, therefore, the Board confirmed that a transmission over the Internet is a communication to the public by telecommunication "each time that any member of the public uses a browser to access the work from the source computer."[66] The work is thus communicated upon transmission, not when it is made available on the server. An analogy can be drawn here with fax transmissions. Less than two weeks after the Board decision, the Federal Court approved the argument that "transmission of copies by facsimile constituted communication of a . . . work by telecommunication."[67] One can therefore say that there is agreement over the identification of the right that governs the actual transmission of the work, whether it be musical or literary. The reasoning would obviously extend to other categories of works.

The Board also sought to examine Internet activities from the perspective of the right to authorize a communication. It found that the posting of a work on a site amounts to an authorization to communicate it because the purpose of the posting is to make the work available for the communication.[68] The person who posts the work, the content provider, is the one who exercises the right to authorize the communication, which communication will occur when a member of the public accesses the work. As an authorization to communicate is also how the Board chose to characterize the creation of an "automatic" or "embedded" hyperlink to a site, that is when "the content provider . . . includes into a Web page an automatic link which effects the transmission of a . . . work to the recipient without the need for further action by the end user."[69]

The decision of the Board with respect to the right of authorization is quite remarkable in that it has identified two situations that, in its opinion, meet the test for such characterization. Given the variety of circumstances that have not been assimilated to authorizations, this finding is one that helps to give meaning to this right through positive, rather than negative, examples. Yet, one can think of three difficulties that flow from this conclusion.

The first one involves the relationship, in the Internet context, between the right to authorize the communication and the right of reproduction. The posting of a work on a web site is usually characterized as an

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[66] *Id.* at 449.

[67] CCH Canadian, Ltd. v. Law Soc'y of Upper Canada, (1999) 2 C.P.R. (4th) 129, at 203.

[68] *Tariff 22, supra* note 65, at 455.

[69] *Id.* at 458.

instance of reproduction in a digital format.[70] Here, the Board is saying that it involves the right to authorize a communication. Which is it? Can two rights govern the same act and thus give rise to two separate royalties? This would obviously be an undesirable situation that would undermine the legitimacy of the copyright owners' position. One would have to distinguish, though, between the mere posting of the work, where it is likely that a dual protection would exist, and the embedded link situation, where it would not be so likely because the initial posting to which the link is leading has normally been effected by a third party. One wonders why the Board seems not to have envisaged such a conflict. The nature of the proceedings is probably a factor: the SOCAN application for Tariff 22 was made in the context of a request for royalties in the exercise of the right of communication to the public. Indeed, SOCAN only administers rights within the performing right concept and could only have sought royalties on that basis. The right of reproduction had to be absent from the debate. Since the analytical framework in this process was exclusively based on a performing right notion, both the parties and the Board must have been caught up in the performing right logic and therefore did not give a thought to the impact of the reproduction right in this context. While such behavior is understandable on the part of the parties, it should perhaps less be so for the Board.[71]

Another difficulty with the Board's decision comes from the characterization that the Federal Court has made with respect to a very similar activity in the *CCH Canadian* case.[72] In that case, the Federal Court was:

> satisfied that storage of copies in the memory of a facsimile machine for subsequent distribution, whether by transmission by facsimile or otherwise, constitutes possession for the purpose of sale or distribution.[73]

"Possession for the purpose of sale or distribution" refers to section 27(2)(d) of the *Copyright Act*, i.e., an act of secondary infringement. It is

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[70] *See in general* Ysolde Gendreau, *Le droit de reproduction et l'Internet*, (1998) 178 R.I.D.A. 3.

[71] Indeed, in June 1998 and in May 2000, the SODRAC, the collective society that administers reproduction rights, filed an application for a tariff for the reproduction of musical works on the Internet that would include "storing, hosting, caching, logging, mirroring, encoding . . . uploading, downloading, browsing and any other digital recording of a work." *See* Statement of Proposed Royalties to be Collected by SODRAC for the Reproduction, in Canada, of Musical Works in the Exploitation of an Electronic Network for the Years 1999 and 2000, *available at* http://www.cb.gc.ca/tariffs/i13061998-b.pdf.

[72] *Supra* note 67.

[73] *Id.* at 203.

true that, in order to be guilty of a secondary infringement, the act must be done in relation to a copy that is an infringing one. Nevertheless, one can easily see the similarity between fax and Internet transmissions, as well as the return of the relationship between the right to authorize and secondary infringements such as the one that is strongly suggested in section 36 of the Australian *Copyright Act 1968*.[74] The potential for dual liability is also present here when it is an unauthorized third party who posts a work on a web site. Should that person be found liable for infringing the right to authorize a communication or for the secondary infringement of possession for the purpose of sale or distribution? One should not forget either the infringement of the right of reproduction. Again, the situation is much more problematic with initial postings on a web site than with the embedded links.

The last difficulty with which one must struggle has to do with the fundamental relationship between the right to authorize and the authorized right, i.e., in this context the right to communicate. The Board distinguishes Internet posting from the letting of a hall or the sale of twin-deck cassette recorders by the fact that the person who posts the work provides the work itself and not tools for the use of the work. It even goes so far as to make the analogy with the traditional licenses that SOCAN issues to broadcasters: that act is an exercise of the right to authorize, while the broadcast is the occasion of the right to communicate by telecommunication.[75] If such is the case, then one may wonder how often the copyright owner ever exercises himself the very rights that he owns. Apart from the occasional singer-songwriter and the copyright owner who owns rights as a result of the work being made by an employee, how many initial copyright owners are in a position to exercise the main rights? Such a dissection of the copyright transaction is becoming too artificial. Moreover, since the posting of the work (the authorization) and its transmission (the communication) are both the prerogative of the same copyright owner, one is in the presence of the copyright owner authorizing himself to carry out the communication that will occur when a member of the public accesses the work. The artificiality is becoming downright absurd in the case of the copyright owner who is providing his own contents to a web site. Again, the situation would be different in the case of the embedded hyperlink where the person who is making the link is not necessarily the copyright owner of the work that is linked.

Given the various problems that it raises, the case for the qualification of the posting of works on a web site as an authorization to communicate them does not appear to be a convincing one. There are policy reasons

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[74] *See supra*, the discussion accompanying footnotes 48-53.

[75] *Tariff 22, supra* note 65, at 457.

(the overkill of copyright prerogatives) as well as dialectic ones (the hair-splitting of the rights) for refusing to follow the reasoning of the Board on this point. However tempting it may be to find an act that would be governed by the right to authorize, since there seems to be so few of them in the Canadian copyright context, the decision to consider the mere posting of works on a website as such an act appears misguided. So far, this appraisal is only based on reasons that can remain pertinent on a national level; however, the interlocking with an international instrument is another important factor to take into consideration in the Internet context.

B. WIPO Copyright Treaty of 1996

The Copyright Board displayed a rather ambivalent attitude towards the WIPO Copyright Treaty of 1996 in its decision. One of the main purposes of that treaty had been to deal with issues that had arisen, or become more pressing, since the 1971 revision of the Berne Convention in Paris. The transmission of works over the Internet, of course, was one of them and was indeed the focal point of the attention surrounding that treaty and its sister instrument, the WIPO Performances and Phonograms Treaty of 1996. Article 8 of the Treaty can be regarded as the international norm with which countries are to comply when they determine what right governs such transmissions:

> Without prejudice to the provisions of Articles 11(1)(ii), 11*bis(*1)(i) and (ii), 11*ter(*1)(ii), 14(1)(ii) and 14*bis(*1) of the Berne Convention, authors of literary and artistic works shall enjoy *the right of authorizing any communication to the public* of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them.[76]

When the Board made its decision, the Treaty was not in force (it still is not). The Board even specifically mentioned that it was "not binding in Canada since it has been signed but not ratified by the Canadian Government."[77] The message was clear: the Board would not take the Treaty into consideration when it decided to interpret the *Copyright Act* in light of Internet transmissions. It would only worry about the current legal situation. Should its decision be incompatible with the Treaty, it would be up to Parliament to act accordingly.

At a later point in its reasoning, however, the Board seems happy to take comfort in finding that its interpretation would indeed be in line with

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[76] Emphasis added.

[77] *Tariff 22, supra* note 65, at 448.

the WIPO Copyright Treaty. This occurs when it compares the posting of a work on a web site (authorization) before its access by a member of the public (communication) with the authorization that SOCAN may give when it issues a license to a broadcaster who will later on broadcast the work. This analogy is said to be "in line with Article 8 of the WIPO Treaty,"[78] which Article 8 refers to the right to authorize any communication to the public. It is of course fortunate that the Board decision should correspond to the international treaty that is applicable in these circumstances: it staves off much vexation when Canada will effectively ratify the Treaty. But does the interpretation of the Board really correspond to the requirements of the Treaty?

The case can be made that one should look beyond the existence of the word "authorization" in the WIPO Copyright Treaty before concluding that the authorization of the WIPO Treaty corresponds to an autonomous right of authorization in the Canadian *Copyright Act*, which right would refer to the posting of the work rather than to its communication. If one looks at the other rights that were recognized in the same treaty, one can observe that these rights are always formulated as authorizations to do something. The right of distribution is defined as the "right of authorizing the making available to the public of the original and copies" of the works.[79] The rental right is presented as allowing authors to "enjoy the exclusive right of authorizing commercial rental to the public of the originals or copies of their works."[80]

This turn of phrase is not unique to the WIPO Treaty: it is also found in the Berne Convention. Two examples will suffice. Article 9 of the Convention states that authors "shall have the exclusive right of authorizing the reproduction of [their] works." Article 11 provides that authors of some categories of works "shall enjoy the exclusive right of authorizing the public performance of their works [and] any communication to the public of the performance of their works." In short, the rights are indeed always drafted as rights to authorize some act. The only exception is the right of translation where the test refers to "the exclusive right of making and of authorizing the translation" of works.[81] The different wording of that provision is probably due to the fact that it pertains to the first right to be recognized by the Convention and that its text has suffered little change since then.

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[78] *Id.* at 466 n. 46.

[79] WIPO Copyright Treaty, Article 6(1).

[80] *Id.* at Article 7(1).

[81] Berne Convention, Article 8.

Generally, then, one may say that rights are recognized in the Berne Convention and in the WIPO Treaties[82] through the phrase "authorizing the 'act.'" This is the standard drafting style. No one has claimed in Canada that the main rights that are found in section 3(1) of the *Copyright Act* are not implementations of the rights that are stated in the Berne Convention and that the phrase "and the right to authorize any such acts" at the end of that paragraph is actually the provision in the statute that implements these rights. Yet, this is the logic behind the Board's finding that posting a work is an authorization to communicate of the same nature as the right of "authorizing any communication" in the WIPO Copyright Treaty. The "authorization" of the international treaties should instead be seen as corresponding to the "main" rights in section 3(1) of the *Copyright Act*, with the "authorization" of the Canadian statute being, at best, subsumed into the main right. To seek support in the WIPO Copyright Treaty for the interpretation of the right to authorize in Canada as corresponding to the act of posting a work on a server should be regarded as a fallacious justification.

What, then, remains of this right to authorize? In the present state of Canadian law, it seems to have found a new life with Internet transmissions: both the posting of a work on a server and the making of an embedded hyperlink would be acts that are subject to it. From a policy perspective, however, this rebirth may turn out to be a Pyrrhic victory since it may prevent the resort to the right of authorization to address a difficult yet crucial problem: the liability of service providers.[83]

The Board did consider this issue when it concluded that Internet service providers will not *generally* be liable because they can benefit from the "common carrier exemption" of section 2.4(1)(b) of the *Copyright Act*. Their liability would come into play if their conduct "displays certain characteristics"[84] which, as can be understood, would amount to a certain "sanction, approval, or countenance." Indirectly, then, the Board is saying that the behavior of the Internet service provider is also governed by the

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[82] The WIPO Performances and Phonograms Treaty of 1996 also uses the same language.

[83] On this issue in general, see Alain Strowel, *The Liability of Online Service Providers: Recent Developments in Europe and the United States*, *in* COPYRIGHT IN THE NEW DIGITAL ENVIRONMENT 131 (Irini A. Stamatoudi & Paul L.C. Torremans eds. 2000) (Perspectives on Intellectual Property series, vol. 8); Marie-Hélène Côté, *La responsabilité des intermédiaires à l'égard des violations de droit d'auteur commises par des tiers sur l'Internet*, (1997-1998) 10 C.P.I. 359; Y.F. Lim, *Internet Service Providers and Liability for Copyright Infringement through Authorisation*, (1997) 8 AUSTRALIAN I.P.J. 192; G.A. Bloom & T.J. Denholm, *Research on the Internet: Is Access Copyright Infringement?*, (1996) 12 C.I.P.R. 337.

[84] *Tariff 22*, *supra* note 65, at 458.

right to authorize, even though it considers that "to do so would be to look at the issue from the wrong end of the telescope."[85] One can understand the Board's wish to push aside the right to authorize in the context of Internet service providers: that right would already be put to use with the posting of works and the making of embedded links. Too many activities would come within its scope; two different persons — the copyright owner and the service provider — would exercise it. Yet the language of the decision raises in no uncertain terms the possibility that the liability of Internet service providers be analyzed through the prism of the right to authorize.

The situation is a messy one. The confusion of the right to authorize with various other copyright concepts (the "main" rights themselves, secondary or indirect infringements) exists when "traditional" and analog means of exploitation are used and becomes no clearer when one moves into digital technology. Digital technology even confirms the underlying difficulties of the right of authorization and provides some new ones. How can one attempt to make some sense out of this? Proposals here can only be modest.

It appears that the most important step would be to establish a clearer distinction between "primary" infringements and secondary infringements by placing in the latter category all behaviors that do not correspond to the usurpation of the copyright owner's proper rights. These would be dealings with a work to which one cannot apply a "holding out" analysis. For instance, to rent out a hall is different from determining the program of the concert that is played in it. To create a hyperlink towards a work is not of the some nature as the posting of that work on a server. The existing provisions on secondary infringements can provide some guidelines in this exercise.

Once this policy decision is made, however, there remains its legislative implementation. Traditionally, the secondary infringements are spelled out in a precise manner. If one were to follow the same approach, one would be in need of identifying with a certain accuracy the additional behaviors that are to come within them (i.e., creating a hyperlink, hosting a work, etc.). One could even be forthright about the process and transfer the authorization right as such into that family of infringements. It is doubtful, though, that such a move would lay to rest all the uncertainties that the present authorization right engenders. To target specific acts, however, immobilizes the legislation at a certain time in the evolution of technology and breeds a costly uncertainty when new situations come up.[86] It could therefore be wiser to formulate an overreaching concept

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[85] *Id.*

[86] *See in general*, Ysolde Gendreau, *A Technologically Neutral Solution for the Internet: Is It Wishful Thinking?*, *in* COPYRIGHT IN THE NEW DIGITAL ENVI-

that lends itself to interpretation, along with some examples that clearly do not form an exhaustive list. In this respect, section 36 of the Australian *Copyright Act 1968* could be a good starting point, provided that the confusion between primary and secondary infringements is worked out.[87] Authorization need not be the driving force; it could be "dealings with works," for example.

Another aspect to be considered is the infringing nature of the work that is dealt with by the "secondary infringer." All of the secondary infringements in the Canadian *Copyright Act*, for example, refer to an activity with respect to an infringing copy or an infringing performance: the distribution of infringing copies, the making of plates for the production of infringing copies, the rental of a hall for an infringing performance.[88] What may vary is the burden of proof in establishing if the secondary infringer has knowledge of this infringing character.[89] If one were to include within secondary infringements acts such as the creation of hyperlinks or the hosting of works, one would have to reconsider this dimension. Is it sound that hyperlinking should be condemned only when it leads to an infringing work? Is there any use in holding Internet service providers liable for activities that are not infringements? Should a new concept of secondary infringement be homogeneous and suffer no exception? This is an area in need of some fine-tuning.

Lastly, it would be necessary to decide the burden of proof that is required for secondary infringements. As the Australian High Court has stated in *City of Adelaide*, it is not up to the defendant to prove that it tried to prevent the infringement.[90] Yet, it is precisely this approach that has been favored in the *Moorhouse* decision[91] some forty-five years later and that has been codified by the *Copyright Amendment (Digital Agenda) Act 2000* which has introduced a new subsection in section 36 of the *Copyright Act 1968:*

> 36(1A) In determining, for the purposes of subsection (1), whether or not a person has authorized the doing in Australia of any act comprised in the copyright in a work, without the license of the owner of the copyright, the matters that must be taken into account include the following:

RONMENT 1 (Irini I. Stamatoudi & Paul L.C. Torremans eds. 2000) (Perspectives on Intellectual Property series, vol. 8).

87 *See supra* note 50 and the text that accompanies it.

88 Copyright Act, s. 27(2)-(5).

89 Copyright Act, s. 27(3), where this knowledge is immaterial in the case of importation.

90 *Supra* note 30.

91 *Supra* note 35 and the text that accompanies it.

(a) the extent (if any) of the person's power to prevent the doing of the act concerned;
(b) the nature of any relationship existing between the person and the person who did the act concerned;
(c) whether the person took any reasonable steps to prevent or avoid the doing of the act, including whether the person complied with any relevant industry codes of practice.

Given the context in which it was enacted, it would seem that the primary aim of this new measure is to target the Internet service providers; yet one may question whether one wants to make it relevant for all cases that would come within a broad spectrum of secondary infringements.[92] To adopt such a provision would appear to go against the common understanding of the right of authorization in Canada where courts have never gone as far as the Australian courts. One should not forget that the emphasis on prevention in *Moorhouse* was on par with a very open attitude towards mere "invitation" and "facilitation" that was rejected in Canada and the United Kingdom.

One must reckon that to challenge the concept of authorization may go against the grain of the British copyright tradition, especially since it appears to be gaining a new momentum with Internet transmissions and even moral rights.[93] Yet, as this paper has attempted to demonstrate, the right of authorization is in need of some conceptual clarification. The implementation of the WIPO treaties in a forthcoming "Phase III" of copyright revision in Canada should be regarded as an opportunity to be seized in order to revisit a notion which has proved to be elusive since its introduction some ninety years ago.

[92] The very same criteria were enacted for secondary infringements of moral rights in Australia. See the new section 195 AVA of the Copyright Act 1968.

[93] Secondary infringements with respect to moral rights were introduced in Australia in 2000 (see *id.*) and in the United Kingdom in 1988 (see Copyright, Designs and Patents Act 1988), ss. 83, 84(4)-(7).

COPYRIGHT IN THE EU AND U.S.: WHAT "ACCESS-RIGHT"?

by THOMAS HEIDE*

Whether copyright contains an "access-right" is fast becoming a ripe issue. One U.S. court has indicated that copyright law grants copyright owners the "'right to control' access" to copyrighted materials.[1] A noted copyright scholar has recently made the claim that whilst the "access-right" has only recently become an integral part of copyright, this "right" was nevertheless implicit in certain rights found under copyright law even before mass copying devices became available.[2] The "New or Evolving 'Access Right'" is also one of the main topics of the ALAI 2001 Congress entitled "Adjuncts and Alternatives to Copyright" to be held in New York City this summer.[3] But even outside of copyright, other "access-rights" are emerging. Austria, for instance, has included a "right of access control" in its transposition of the EU Conditional Access Directive.[4]

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*Copyright © 2001 Thomas Heide. All Rights Reserved. The author is a Ph.D. candidate and Marie Curie Research Fellow at the Intellectual Property Unit, Faculty of Law, University of Cambridge. A special thanks to Dr. Matthew Kramer, Reader in Legal and Political Philosophy at Cambridge University, for his comments on my application of the Hohfeldian framework. Thanks also to Paul Geller, Kamiel Koelman, and Lionel Bently for their comments on previous versions of this article. Any errors remain the responsibility of the author.

1 *See* Los Angeles Times v. Free Republic, Civ. No. 98-7840, 2000 U.S. Dist LEXIS 5669 (C.D. Cal. Apr. 5, 2000), at *67-68.

2 Professor Jane Ginsburg identifies § 1201 of the 1998 Digital Millennium Copyright Act as the source of the "access-right." She also states that this "right" was "implicit in the reproduction and distribution rights under copyright in the days before mass copying devices." *See* Jane Ginsburg, *From Having Copies to Experiencing Works: the Development of an Access Right in U.S. Copyright Law*, *in* U.S. INTELLECTUAL PROPERTY: LAW AND POLICY 3, 7-8 (Hugh Hansen, ed., forthcoming 2001), *available at* http://papers.ssrn.com/paper.taf?ABSTRACT_ID=222493. For earlier treatments of the subject, see Hiroshi Saito, *Fluid Relationship of Normal Exploitations to Acts Permissible under Exceptions and Limitations*, *in* ALAI STUDY DAYS: THE BOUNDARIES OF COPYRIGHT: ITS PROPER LIMITATIONS AND EXCEPTIONS 71 (Libby Baulch et al. eds., 1998), and Simon Olswang, *Accessright: An Evolutionary Path for Copyright into the Digital Era?*, [1995] 5 EIPR 215.

3 *See* ALAI 2001 Congress "Adjuncts and Alternatives to Copyright," New York, 13-17 June 2001, *available at* http://www.law.columbia.edu/conferences/2001/quest_1d1.html.

4 *See* Bundesgesetz über den Schutz zugangskontrollierter Dienste (Zugangskontrollgesetz – ZuKG), BGBl. 2000, Teil I, p.739 (11.07.2000), *available at* http://www.bgbl.at/ CIC/BASIS/bgblpdf/www/pdf/DDD/2000a60.pdf. The

This article seeks to show that the traditional rights under copyright have not contained and still do not contain an "access-right" and that the issue of the "access-right" is instead one of characterisation.[5] Once properly characterised, it becomes evident that the ability to control access can arise from multiple rights in addition to copyright law. Further, and contrary to Professor Ginsburg's contention, the recent inclusion of the "access-right" within copyright does not represent an evolution of copyright to extend to new forms of exploitation but rather the incorporation of a completely new rights structure into copyright law — one closely akin to that underlying cinemas and theatres.[6]

This recent development raises the key issue central to the debate over the "access-right": which rights structure will come to regulate the use of creative materials and information products in the digital environment — copyright, a (contorted) copyright system based on the cinema/theatre model, or something else altogether? Ultimately, it boils down to acceptable public use of materials and this article argues that, unless we are to leave copyright completely behind, regulation of certain other rights structures is necessary. Specifically, lawmakers should be urged to appropriately define the legal relationship between copyright and other rights structures and (re)consider the limitations and exceptions which should be applicable to rights structures distinct from traditional copyright law.

I. PROPER CHARACTERISATION: "POWER" NOT A "RIGHT"

The court in *Los Angeles Times v. Free Republic* states that the copyright holder has the "'right to control' access" to news articles. Professor Ginsburg defines the "access-right" as the "right to control the manner in which members of the public apprehend the work." As referred to by the organisers of the ALAI 2001 Congress, the "new or evolving access right"

"Recht auf Zugangskontrolle" ("right of access control") (2. Abschnitt Rechtsschutz § 3) states:

> Der Diensteanbieter hat das ausschließliche Recht, den Zugang zu einem von ihm bereitgestellten geschützten Dienst in verständlicher Form von seiner vorherigen individuellen Erlaubnis abhängig zu machen.
> ("The service provider has the exclusive right to make access to its protected service subject to previous individual authorisation") (my translation).

[5] In short, the characterisation of the "access-right" as a "power" as opposed to a "right" allows us to focus on what is also Professor Ginsburg's primary concern — "the dominant way in which works are in fact exploited in the digital environment" — without having to ponder the implications of the "access-right," particularly possible intrusion into the private sphere in order to detect infringements. Ginsburg, *supra* note 2, at 8.

[6] *Id.* at 10 ("The evolution of an access right is consistent with these earlier examples of Congressional response to emerging modes of exploitation of copyrighted works").

describes the "exclusive right of the copyright holder to control the user's access to the protected work."[7] From these definitions it is evident that the copyright holder's ability to "control" is central, not the end-user "right to gain access" to the extent such a right can be said to exist.[8] As the ability to order, limit, instruct, or rule something or someone's actions or behaviour is inherent to the definition of "control," what is in issue with the "access-right" is not only the ability to grant or authorise initial access but also repeated acts of access, not only for a general purpose but also for specific ones. Principally, this involves changing the legal relationship between the copyright holder and user from one where access is not authorised to one where it is. Accordingly, what is in issue is a "power" and not a "right."[9]

In line with the Hohfeldian table of legal relations, for such a power to exist, an underlying "right" must exist to enable the right-holder to restrict the access of the user in the first place. With regard to being able to control access, such "rights" are manifold and may, for instance, be found as part of real property interests in buildings or homes, property interests in computers where an information product is stored, or "rights" in the person where all copies of a work are in the possession and under the control of the author himself. Such "rights" can be referred to as "rights against the gaining of unauthorised access" and two points of particular relevance to this article merit mention. First, if the underlying "right against the gaining of unauthorised access" is limited in scope, the corresponding power is likewise limited. Thus, a "right" may only enable the

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[7] This is also the definition used by Olswang: "Accessright is a means whereby creators may control access to content." Olswang, *supra* note 2, at 217.

[8] Where the "right of access" is interpreted as a "right to obtain access," it plainly differs from the "right to control access" or "access-right." The term "access-right" is used throughout this article to refer to either of these so-called "rights."

[9] Legal theorist Wesley Hohfeld observed that the term "right" is often used indiscriminately and, in response, developed a taxonomy of legal relations to distinguish four different meanings of the term — claim-rights, liberties, powers, and immunities. The term "power" refers to the ability to change legal relations, for example by waiving or abolishing a claim-right or liberty. The "power" is to be contrasted with a "right" which, in the Hohfeldian table of legal relations, consists of being legally protected against someone else's interference or against someone else's withholding of assistance or remuneration, in regard to a certain action or a certain state of affairs. The person who is required to abstain from interference or to render assistance or remuneration is under a "duty" to behave so. *See* Wesley Hohfeld, *Some Fundamental Legal Conceptions As Applied in Judicial Reasoning, in* FUNDAMENTAL LEGAL CONCEPTIONS AS APPLIED IN JUDICIAL REASONING 50-51 (Walter W. Cook ed., 1923). *See also* Matthew H. Kramer, Nigel Simmonds, & Hillel Steiner, *Rights Without Trimmings, in* A DEBATE OVER RIGHTS: PHILOSOPHICAL ENQUIRIES (1998).

right holder to restrict access for a specific purpose such as recording a performance or printing a document, but not for other purposes such as listening or reading. Second, more than one "right against the gaining of unauthorised access" may be applicable to a given fact situation. This also means that a given sequence of events may mean that a power to control access which is not limited (based on a "right against the gaining of unauthorised access" for most purposes) may impact a more limited power which is applicable to acts which occur after initial access.[10] From a practical perspective, then, it may make little difference that a power to control access applicable later in a sequence of events is limited in scope. Moreover, where multiple powers do apply to the same situation, the overall resulting power to control access (again, from a practical perspective) may be of greater scope than any one power considered separately.

II. COPYRIGHT'S SO-CALLED "ACCESS-RIGHT"

Does copyright provide a "right against the gaining of unauthorised access" to copyrighted works, a right which would give rise to a power to control access to such works if it could be said to exist? To be sure, neither the WIPO Copyright Treaty nor the Berne Convention explicitly articulates any such right. Instead the general rights available under these treaty instruments include the rights of translation, adaptation, public performance, communication to the public, which now includes the right of making available, and reproduction.[11] It is instantly observable that there is no "right against the gaining of unauthorised access" to a copyrighted work. We can also apply the Hohfeldian framework to dismiss any contention to the contrary. Under the framework, for a "right" to be present there must be a correlative "duty."[12] In the case of a "right against the gaining of unauthorised access" to a copyrighted work, a correlative "duty not to gain unauthorised access" to the work would have to exist. As this duty is legally enforceable, it would be associated with the availability of a remedy for *any* act of unauthorised access occurring, for example, in the home, at the library, or the bookstore.[13] Since any of us can watch videos

[10] For example, cinema owners commonly use their legal power to control access (based on the "right against the gaining of unauthorised access" as attached to the cinema building and/or underlying land) to condition access to a film on the consumer's agreement not to video or otherwise record the film.

[11] Article 8 WIPO Copyright Treaty (WCT) adopted by the Diplomatic Conference on December 20, 1996, *available at* http://www.wipo.org/eng/main.htm. The text of the "right of making available" is set forth in note 27 *infra*.

[12] *See* KRAMER, *supra* note 9, at 40 (pointing out that Hohfeld's "Correlativity Axiom stipulates a logical and existential nexus of mutual entailment between rights and duties . . .").

[13] The implications of allowing intrusion into the private sphere in order to detect infringements of such an expansive "right" are outside of the scope of

or read books at home and go to the library or bookstore to read or browse — all without incurring legal liability — no such duty can be said to exist, and correlatively, neither can the "right against the gaining of unauthorised access" to a copyrighted work.

Nevertheless, we note that for any use regulated under copyright to occur, there must first be access to a work or a copy thereof.[14] Accordingly, it can be said that a copyright owner has the "right against the gaining of unauthorised access" where such access is undertaken for the purpose of engaging in any of the uses reserved to the rights-holder.[15] Moreover, to return to the issue of the so-called "access-right," since a limited "right against the gaining of unauthorised access" can be said to exist, in line with the previous section, it follows that the copyright owner has the power to control access to a work where the user seeks to engage in any use reserved to the rights-holder. This power is applicable even where a user already has access to the work. However, where access is undertaken for purposes of engaging in other uses — reading, for instance — it remains outside of the scope of the copyright owner's power to control access.

In sum, it is key to recall that any "right against the gaining of unauthorised access" under copyright only exists with the key limiting words "for the purpose of engaging in uses reserved to the author." This right follows the confines of the uses reserved to the author and this is also the case for the power to control access under copyright law. Does this analysis change prior to publication, as a result of an expanded reproduction right, the new "right of making available," or — as we examine in the next section — where exploitation takes place via the Web? We shall see that it doesn't.

III. THE PRE-PUBLICATION "ACCESS-RIGHT"

We start from the basis that copyright law grants limited rights against the gaining of unauthorised access for the purpose of engaging in any of

this article. One need only ponder the Big Brother world envisaged by Olswang where "Accessright" owners have "direct right and remedies against users of the networks who do not observe restrictions imposed by their access licence." Olswang, *supra* note 2, at 217.

[14] Ginsburg, *supra* note 2, at 2 ("Every act of perception or of materialization of a digital copy requires a prior act of access").

[15] Correlatively, others are under the "duty not to gain unauthorised access" for the purpose of engaging in any of the reserved uses. Technically, however, any remedy for breach of this "right" only lies where there is an unauthorised reproduction or other infringement entailing any of the uses reserved to the rights-holder under copyright. It should also be noted that the copyright owner holds a separate "right against the gaining of unauthorised access" for each distinct use reserved under copyright.

the uses reserved to an author. In addition, under the civil law approach the decision on whether and how to initially disclose an author's work may also be guaranteed by the moral right of divulgation.[16] To the extent that such a right of divulgation explicitly provides the right against anyone else divulging the work, the author can be said to have the additional power to control access for the purpose of disclosing or divulging the work.

But note that since the author is in possession of the work itself or any copies thereof (there are no other places to access the work and access can only be obtained through him), his power to control access is virtually without bounds. Essentially, the threat of non-disclosure means that the author can grant access to his work on any terms he pleases. Whilst the law will only protect his interests under copyright law if a reproduction or other reserved use results (or the divulgation interest, where it exists, is infringed), he is only technically limited in his power to control access under copyright law.[17] But this should not concern the author as other "rights against the gaining of unauthorised access" are likely to be relevant. As previously stated, such rights are manifold and may, for instance, be found as part of a person's basic rights or rights in real property. Applied to the situation prior to publication where the author has the only copies of his work on his person, in his computer, or otherwise contained within his dwelling or place of business, the protection granted by these "rights against the gaining of unauthorised access" simply underscore that the author is virtually unrestricted in his power to control access on terms satisfactory to him.

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[16] For Germany, see Gesetz über Urheberrecht und verwandte Schutzrechte art. 12(1) (Right to Control Disclosure). For France, see Code de Propriété Intellectuelle art. L. 121-2 (Right of Divulgation). Under the U.K. and U.S. copyright laws close analogues exist. *See* Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 555 (1985) (discussing "the author's right to control the first public appearance of his undisseminated expression"). Under U.K. copyright law there is no statutory right entitling authors to prevent the unauthorised disclosure of their works. However, see Copyright, Designs and Patents Act, 1988, Sec. 18 (copyright owner has exclusive right to issue copies to the public). *See also* Sec. 11 (Copyright in a literary, dramatic, musical or artistic work, or film, under the 1988 Act initially belongs to the author or coauthors unless the work is made in the course of employment).

[17] *Compare* Ginsburg, *supra* note 2, at 9 n. 26 ("Arguably, the access right was implicit in the reproduction and distribution rights under copyright in the days before mass market copying devices. The copyright owner controlled access by choosing how to make the work available."). Where Professor Ginsburg's "access-right" is interpreted as a power to control access, her analysis would follow that advanced here. Note, however, that a power to control access corresponds with each right underlying copyright, not just the rights of reproduction or distribution.

IV. OPENING THE RIGHTS APERTURE: THE EFFECT OF A BROAD REPRODUCTION RIGHT

Recent developments have led to an expansion of the scope of the reproduction right. In the U.S., according to Professor Ginsburg, it is well established that entry of a work into a computer's random access memory (RAM) constitutes a reproduction.[18] In the EU, it is considered *acquis communautaire* that the reproduction right covers all methods of reproduction, even electronic ones which may not be perceptible to the human senses.[19] The question thus arises whether the expanded reproduction right gives rise to an "access-right."[20] This is of crucial relevance as far as the digital environment of the Web is concerned because any act of access is preceded by a reproduction, even if it is just technical in nature.

We again start from the basis that copyright law grants limited rights against the gaining of unauthorised access for the purpose of engaging in any of the uses reserved to an author. The sequence of events underlying any of these "rights" requires that access precedes the reserved use. However, where a reproduction is required to render a work perceptible (so that an act of access can occur) we have something altogether different: access *results from* a reserved use rather than *precedes* it. But is this any different to what has always been the case under copyright law? For example, a book in a bookstore or a film in a cinema is only available for access because the copyright owner has exercised certain reserved uses likely to include reproduction and distribution. The same can be said to hold true for the digital environment and the Web. Thus, while an expanded reproduction right brings about an expanse in the "right against

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[18] *Id.* at 7. *See also* MAI Sys. Corp. v. Peak Computer, Inc., 991 F.2d 511 (9th Cir. 1993) (the loading of MAI software into a computer's RAM without authorization, in order to view system error logs and diagnose computer problems, created a copy of the software in violation of the Copyright Act).

[19] *See* Article 4(a) Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs (O.J. L122, 17.5.1991, at 42) ("Computer Program Directive"); Article 5(a) Directive 96/9/EC of the European Parliament and of the Council of 11 Mar. 1996 on the legal protection of databases (O.J. L77, 27.3.1996, at 20) ("Database Directive"), and Article 2 Common Position of 28 Sept. 2000 adopted by the Council with a view to the adoption of a Directive of the European Parliament and of the Council on the harmonization of certain aspects of copyright and related rights in the information society (O.J. C344, 1.12, 2000, at 1) ("Copyright Directive Common Position").

[20] *Compare* Ginsburg, *supra* note 2, at 7-8 ("Nonetheless, the seeds of an access right can be found in pre-Internet copyright law. For example, the doctrine of RAM copying — which holds that a "copy" is made when the work is received in a computer's temporary memory — would cover "accessing" a work, since apprehending the work through a computer requires making at least a temporary copy").

the gaining of unauthorised access" for the purpose of engaging in reproduction of the work, and by extension, to the power to control access for purposes of engaging in reproduction, it does not mean that the act of access equates with a reproduction. In short, access remains a separate and distinct act and it does not equate with a reserved use.[21] To find otherwise would be the equivalent of equating every act of walking into a bookstore or a library to read a book with pressing the print button at the publisher's printer and setting in motion the publisher's distribution chain.

It should also be noted that both the U.S. and the European legislator have elected to restrict the scope of the reproduction right where certain acts of lawful users or acquirers are concerned.[22] Correspondingly, the copyright owner's power to control access in those instances has also been eliminated. This carving out of restricted acts may be even broader under the forthcoming EU Copyright Directive.[23] Since Article 5.1 refers to "a lawful use of a work" and not to the actions of a "lawful user" or "lawful

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[21] If the act of access is equated with a reserved use under copyright, then again we would be evaluating whether copyright contains an unrestricted "right against the gaining of unauthorised access." It doesn't as we have seen. *See* text accompanying notes 12-13. Of course, if post access, the user engages in any of the acts reserved to the author, including any reproduction of the work, then copyright infringement may result.

[22] For the U.S., see 17 U.S.C. § 117(a)(1) (Supp. IV 1998) (exemption from the reproduction and adaptation rights in copyrighted computer programs for copies and adaptations made "as an essential step in the utilization of the computer program in conjunction with a machine") and § 117(c) (exemption for a copy of a computer program made solely by virtue of activating a machine that lawfully contains an authorized copy of the computer program in the course of maintenance and repair of a computer).

The situation is similar in the EU under the Computer Program and Database Directives. *See* Article 5.1 Computer Program Directive, *supra* note 19 ("In the absence of specific contractual provisions, the acts referred to in Article 4 (a) and (b) shall not require authorization by the rightholder where they are necessary for the use of the computer program by the *lawful acquirer* in accordance with its intended purpose, including for error correction") and Article 6.1 Database Directive ("The performance by the lawful user of a database or of a copy thereof of any of the acts listed in Article 5 which is necessary for the purposes of access to the contents of the database and normal use of the contents by the *lawful user* shall not require the authorization of the author of the database . . . ") (emphasis added).

[23] Article 5(1) ("Exceptions to the restricted acts set out in Articles 2, 3 and 4") of the forthcoming Copyright Directive, *supra* note 19, states:

> 1. Temporary acts of reproduction referred to in Article 2, which are transient or incidental, which are an integral and essential part of a technological process, whose sole purpose is to enable
>
> (a) a transmission in a network between third parties by an intermediary or
>
> (b) a lawful use

acquirer" as in the Database and Computer Program Directives, it could be interpreted to mean that the copyright owner has no power to control access where the "lawful use" entails "temporary acts of reproduction" so long as the use in issue has "no independent economic significance."[24] For example, this could be interpreted to extend to the reproduction involved in benefiting from various limitations and exceptions under copyright, but only to the extent that the conditions of Article 5.1 are met.[25]

V. THE WIPO "INTERNET" TREATIES: THE RIGHT OF COMMUNICATION TO THE PUBLIC, INCLUDING THE RIGHT OF MAKING AVAILABLE

When reviewing the WIPO Copyright Treaty — also referred to as one of the so-called WIPO *"Internet"* Treaties — it is perhaps tempting to declare the existence of an "access-right" implicit in the right of communication to the public, especially now that it explicitly includes the right of making available to the public.[26] But in line with the above analysis, this depends on the scope of the right of making available and whether the user can be deemed to engage in any act reserved to the rights-holder simply by gaining access. The exclusive right extends to the "making available to the public of . . . works . . . in such a way that members of the public may *access* these works from a place and at a time individually chosen by them."[27] Particularly because the right of making available is drafted specifically with the digitally networked environment in mind —

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of a work or other subject matter to be made, and which have no independent economic significance, shall be exempted from the right set out in Article 2.

[24] Recital 33 of the Copyright Directive Common Position indicates that the term "lawful use" includes acts which enable browsing as well as acts of caching to take place so long as they meet the conditions set out in the Article 5.1.

[25] Indeed, Recital 33 also states that "[a] use should be considered lawful where it is authorised by the rightholder or not restricted by law." But note the situation if a transformative or productive use is involved: would the exemption be sufficient to enable an intermediate, working copy used in creating the competing work? Additionally, could the resulting competing work be said to have "no economic significance"?

[26] Interestingly, the drafting notes to the WCT indicate that this right is nothing new: "the features that have been confirmed in the second half, the 'making available' part of the provision, could fall within a fair interpretation of the right of communication in the existing provisions of the Berne Convention." *See* Basic Proposal for the Substantive Provisions of the Treaty on Certain Questions Concerning the Protection of Literary and Artistic Works to Be Considered by the Diplomatic Conference on Certain Copyright and Neighbouring Rights Questions, WIPO Doc. CRNR/DC/4 (Aug. 30, 1996), Note 10.13.

[27] Article 8 WCT (emphasis added). The full text of Article 8, the "Right of Communication to the Public" reads:

where any act, "on-demand" or otherwise, necessarily includes an act of access — and because the right is geared towards the access of individual "members of the public," the argument that this right is equivalent to or implicitly includes an "access-right" can be appreciated.[28] Nevertheless, it is important to note that the sequence of events indicates that individual acts of access *result from* and *not in* the making available of the work. In line with our analysis, the rights-holder can only be said to have the power to control access for the purpose of making the work available.[29] However — as is explored in the next section — where the copyright owner is able to maintain control over his work or copies thereof, he may be said to enjoy a broader power to control access to the work.[30]

VI. THE WEB AND COPYRIGHT'S POWER TO CONTROL ACCESS

In the Web environment access is fundamental. To be sure, just like the hard-copy world every act of experiencing or using works of authorship involves an act of access. The Web, however, allows the seamless

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Without prejudice to the provisions of Articles 11(1)(ii), 11bis(1)(i) and (ii), 11ter(1)(ii), 14(1)(ii) and 14bis(1) of the Berne Convention, authors of literary and artistic works shall enjoy the exclusive right of authorizing any communication to the public of their works, by wire or wireless means, including the making available to the public of their works in such a way that members of the public may access these works from a place and at a time individually chosen by them.

[28] Professor Ginsburg interprets the "right of making available" in this fashion when she states that "the copyright owner's ability to control the terms under which access is made available to the public may be implicit in this formulation." Ginsburg, *supra* note 2, at 8. It is submitted that by referring to the copyright owner's "ability to control the terms" of access, Professor Ginsburg is referring to a "power" and not a "right." Professor Adolf Dietz is arguably doing the same when he refers to the "new on-line right (right of making available works or performances and phonograms)" as "the exclusive *right to control use of works* in interactive networks." (emphasis added). Adolf Dietz, *The Protection of Intellectual Property in the Information Age: the Draft E.U. Copyright Directive of November 1997*, 1998 INTELL. PROP. Q. 335, 337, 342.

[29] To underscore our point, our analysis of the reproduction right and the communication to the public right holds for any of the rights found under copyright. Where these rights are expanded to include further acts or are defined broadly or with a specific activity in mind, they will bring into play the power to control access for a broader number of activities deemed exploitation. But only where the access is undertaken with the express and immediate purpose of engaging in any of the reserved acts of exploitation will the right-holder's power to control access come into play.

[30] It should be noted that whilst Article 8 of the WCT only mentions "works," Article 3(1) of the forthcoming EU Copyright Directive mentions "originals and copies of their works."

combining of the ability to control access with the ability to control uses in the hands of the same entity. No longer need the act of authorising access lie separate from the copyright owner when he broadly seeks to disseminate his work to the public. Removed from the chain of distribution is the intermediary — the book or music shop, cinema, or library — together with his reasons for authorising access which are primarily, if not, exclusively based on simply selling as many books, CDs, or tickets as possible or lending or otherwise making material generally available to the public. Moreover, uncontrollable and permanent copies need no longer feature as a necessary part of reaching the public where any act of experiencing or using the work requires going directly to the copyright owner.

Assuming the intermediary's role in authorising access, the entrepreneurial copyright owner will share the interest in broadly providing his "service" against payment of a fee, but will likely also have an interest in limiting the number of users and controlling such specific uses as printing, redistribution and any extraction or other re-use.[31] The Web environment makes it easy to specify what a user can legally do with the work through the use of a mouse-click contract and/or terms and conditions. To be sure, injecting conditions at the point of initial access and requiring the user's assent prior to any usage allows the rights-holder to set the stage. Moreover, the use of technology may result in "on-the-spot-enforcement" of the conditions of access, and, crucially, help the copyright owner keep permanent copies away from the public. Technological measures including password protection and encryption are in widespread use for this purpose and new technologies continue to become available.

In this environment, the power to control access is necessarily key. Where the combination of "click-wrap" licences and access control technology is used to keep more permanent copies away from the public, thereby reinforcing the content provider's position as the sole source for his work, any transaction necessarily brings the ability to either grant or deny access into play and, in the process, only underscores the importance of the power to control access. But does this change our analysis? Like the situation prior to publication (see above), the copyright owner is in a position to control access to his work or copies thereof for virtually any reason. As long as he can keep possession and control over the work or any copies thereof he will be able to maintain his position as the sole

[31] Koelman points out that as many "services" will consist of the provision of copyrighted works, accessing the service and the work will often come down to the same thing. Kamiel Koelmann, *A Hard Nut to Crack: The Protection of Technological Measures*, [2000] 6 EIPR 272.

source of the work.[32] In all, from a practical perspective, it matters little that his power to control access under copyright is technically limited.[33]

VII. THE LEGAL PROTECTION FOR TECHNOLOGICAL MEASURES AND THE POWER TO CONTROL ACCESS

If the power to control access can arise within copyright, can it also arise elsewhere? As mentioned, such a power can arise from "rights against the gaining of unauthorised access" associated with real property interests, for example, in homes or buildings such as cinemas or bookstores. With regard to the digital environment — as this section explains — the same can be said for laws which provide legal protection for the rights-holder's technological measures and seek to protect such measures from unauthorised trespass or access.

In line with their obligations under the Article 11 of the WCT, both the U.S. and EU have introduced legal protection for technological measures used by authors. If we seek to identify the underlying provisions which come closest to a "right against the gaining of unauthorised access" — thus, giving rise to a corresponding power to control access — it is the anti-circumvention provision. In the U.S., this prohibition states that, "[n]o person shall circumvent a technological measure that effectively controls access to a work protected under this title."[34] In the EU, the anti-circumvention prohibition states that, "Member States shall provide adequate legal protection against the circumvention of any effective technological measures, which the person concerned carries out in the knowledge, or with reasonable grounds to know, that he or she is pursuing that objective."[35] As a "right against the gaining of unauthorised access"

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[32] To help him maintain this position, the rights-holder can rely on the "on-the-spot-enforcement" quality of technology, and, as we will see in the next section, the legal protection extended to technological measures — all in addition to actions for copyright infringement. As the next section also reveals, the rights structure extended under the legal protection for technological measures further bolsters the power to control access.

[33] As our analysis has also shown, this is not because of an expanded reproduction right or the addition of the right of making available to the right of communication to the public. Rather it is because the rights-holder is in possession of the work or is capable of maintaining control over any copies. What has been brought about then, is a transition of a limited ability to control or authorise access where acts reserved to authors are in issue to a broader ability to control or authorise access for any reason whatsoever.

[34] 17 U.S.C. § 1201(a)(1)(A) (Supp. IV 1998). There is no knowledge or intent requirement in connection with this prohibition.

[35] Article 6(1) Copyright Directive Common Position, *supra* note 19. Note, that in comparison to the U.S. provision, the EU prohibition is narrower in scope because it only applies where circumvention is undertaken with the required level of knowledge.

gives rise to a power to control access, it can be said that each of these anti-circumvention provisions also give rise to such a power.

Is this analysis also applicable to legislation incorporating only a device prohibition and having no real connection with copyright law? The EU Conditional Access Directive, for example, only explicitly sets forth a device prohibition with regard to certain "protected services."[36] The Directive is concerned with piracy — unauthorised access to a service protected under the Directive — and its approach targets the commercial activities which enable the unauthorised access.[37] The Directive does this by establishing legally enforceable duties not to interfere with the granting of access by engaging in any of the specified prohibited activities in relation to illicit devices.[38] Correlatively, the provider of a protected service enjoys the rights to such non-interference, but only against persons engaged in the specified commercial activities.[39] However, in seeking to pro-

[36] A "protected service" is one of a certain kind of service as specified in the Directive which is provided against remuneration and on the basis of conditional access. These services include radio and television broadcasting services, so-called "Information Society services," and the provision of conditional access to any of these services as "a service in its own right." Article 2(a) Directive 98/84/EC of the European Parliament and of the Council of 20 Nov. 1998 on the legal protection of services based on, or consisting of, conditional access (O.J. L320, 28.11.1998, at 54) ("Conditional Access Directive"). Because the Directive concerns itself with "Information Society services," which will be composed of or contain copyrighted materials, it is likely to be applicable to the vast majority of content appearing on the Internet.

[37] This concern is ascertainable from the Directive's definition of "illicit devices" as "any equipment or software designed or adapted to give access to a protected service in an intelligible form without the authorisation of the service provider." Article 2(e) Conditional Access Directive, *supra* note 36.

[38] The key provision establishing the rights structure in the Conditional Access Directive is found in Article 4. This article obliges Member States to broadly prohibit various commercial activities in relation to "illicit devices":

> Member States shall prohibit on their territory all of the following activities:
>
> (a) the manufacture, import, distribution, sale, rental or possession for commercial purposes of illicit devices;
>
> (b) the installation, maintenance or replacement for commercial purposes of an illicit device;
>
> (c) the use of commercial communications to promote illicit devices.

[39] The Directive does not prohibit acts of circumvention or other preparatory acts for merely private purposes. However, it is left as an option for Member States to decide whether to prohibit the possession of illicit devices for private purposes. *See* Explanatory Memorandum, at 11, Communication from the Commission to the European Parliament, the Council and the Economic and Social Committee, Proposal for a European Parliament and Council Directive on the Legal Protection of Services based on, or consisting of, Conditional Access. Provisional Version 9 July 1997, *available at*

tect not the "technology as such" but the remuneration interest associated with using access control technology to condition access to the services protected under the Directive, the Directive implicitly can be said to include a "right against the gaining of unauthorised access" to any of these services.[40] By extension, the Conditional Access Directive's rights structure, like the anti-circumvention provisions, can also be said to give rise to a power to control access.[41] Indeed, this analysis is confirmed in the Austrian transposition of the Directive, but only where the "right of access control" is considered as a "power" and not a "right."[42]

VIII. DECISION FOR THE LAWMAKER: COPYRIGHT OR NOT?

As we have shown, in the Web environment the power to control access can emanate from several different sources including copyright law and possession and control over a work (or copies thereof) or even mere possession and control over access control technology. What is fundamentally different (when compared to the hard-copy environment) is that either of these bases can be equally effective in controlling access while simultaneously providing the legal basis for controlling uses by enabling the online licensing of works.[43] If either of these bases are equally effec-

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http://www2.echo.lu/legal/en/converge/condaccess.html ("CAD Explanatory Memorandum").

[40] *Id.* ("the subject of legal protection is not the technology as such, but the legitimate interest served by the technology (remuneration of a service)"). For this argument presented in greater detail, see Thomas Heide, *Access Control and Innovation under the E.U. Electronic Commerce Framework*, 15 BERKELEY TECH. L.J. 993 (2000).

[41] Where an "Information Society service" is in issue, this Directive arguably results in an additional power to control access being applicable to any content underlying such a "service." The presence of this power is arguably inherent to the definition of "illicit devices." *See supra* note 37 for the text of the definition. The Commission's explicit intention to enable, "at a distance," the same type of access control mechanism used in cinemas and theatres, also supports the interpretation advanced here: "Access to theatres and cinemas is based on the same principle (the difference is that "access control" at a distance is more difficult and requires different techniques)." What exactly is meant by "different techniques" is not specified. CAD Explanatory Memorandum, *supra* note 39 n. 12.

[42] Although remedies are specified in similar nature to the Conditional Access Directive, it is unclear from the Austrian transposition whether it extends to individual acts of unauthorised access. This question is raised because the transposition's remedies are directed at the activities of parties in relation to the Austrian equivalent of "illicit devices" whilst the "right of access control" concerns itself with authorisation, presumably of the individual seeking to gain access.

[43] As previously mentioned, control over access enables control over uses as well. As the power to control access allows the rights-holder to set the terms of

tive, the normative question arises as to which one (or ones) should provide the legal basis for the power to control access of relevance to end-users. What it comes down to is a comparison of the rights structure we want to control the use of creative materials and information products.

In issue is the core question of acceptable public use of materials and this ultimately depends on the applicability of limitations and exceptions under copyright law.[44] But where the rights-holder is relying on a power to control access different to that available under copyright law, he is also relying on a different rights structure to copyright. As a result, the various limitations and exceptions to those (copyright) rights are not applicable.[45] Thus, where the rights-holder relies on anti-circumvention provisions included within copyright to provide the relevant power to control access, a new rights structure can be said to have been incorporated within copyright. Moreover, where the underlying provision is not included within copyright — as with the EU Conditional Access Directive — the existence of an alternative rights structure having no relation to copyright law but nevertheless applying to creative materials has become available.[46] Because the rights structure underlying the legislation targeting acts of circumvention or illicit devices is not restricted in scope as is the case under copyright we are faced with a largely unrestricted power to control access and also find ourselves largely without the limitations and exceptions commonly applicable under copyright.[47] The availability of such a rights structure can hardly be said to represent an "evolution" of copyright.[48] Rather, the development represents the equivalent of making the cinema and theatre consumption model applicable to creative materials and information products available via the Web and, in the case of such legislation made part of copyright law, importing the rights structure underlying cinemas and theatres directly into the law.[49]

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access and use, he has what is necessary to engage in the online licensing of works. *See* text accompanying note 21 *supra*.

[44] The assumption here is that copyright law is the most appropriate legal precedent for ascertaining acceptable use of creative materials.

[45] Copyright limitations and exceptions are applicable only to the rights under copyright, thus, if the rights under copyright are not applicable neither are limitations and exceptions to those rights.

[46] *See* Heide, *supra* note 40, at 1009, for this argument.

[47] This view has been adopted by Judge Kaplan in *Universal City Studio v. Reimerdes,* 111 F. Supp. 2d, 294, 321-24 (S.D.N.Y. 2000) (on the basis of an interpretation of the "crystal clear" Congressional intent). For an overview of the exceptions applicable to anticircumvention provisions in the U.S. and EU, see notes 55 and 60 *infra*.

[48] Professor Ginsburg contends that this is a matter of "evolution." *See supra* note 6.

[49] It is important to recognise that where an unrestricted power to control access is applicable to the same underlying materials — creative materials or infor-

From the perspective where acceptable use is a paramount consideration, the extension of legal protection to technological devices becomes an issue of maintaining the integrity of copyright law. This issue — the integrity of copyright law — is not alien to the world of copyright law, albeit the precedent lies in the concern over preserving the integrity of copyright law or authors' right from the perspective of the author. This has occurred where the international community has established legal protection in certain instances considered neighbouring to copyright law.[50] In order to avoid these rights structures coming to interfere with copyright, a relationship involving two main aspects has emerged setting forth clauses safeguarding copyright law[51] and introducing limitations and exceptions to the neighbouring rights similar in nature to the limitations and exceptions found under copyright law.[52]

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mation products delivered as part of a "service," for instance — it may make the limited power to control access as found under copyright law of little practical consequence. *See* text accompanying note 33. In addition, when incorporated as part of copyright law, as we find in both the U.S. and EU, the unrestricted "right against the gaining of unauthorised access" associated, in particular, with anti-circumvention provisions changes the contours of copyright law in a most fundamental way. This is simply because the associated power to control access is no longer limited in scope.

[50] Although what constitutes a neighbouring right is far from concrete, neighbouring rights can be said to predominantly cover rights in derivative works. As a result, neighbouring rights are commonly enjoyed by intermediaries disseminating or otherwise making such works available to the public.

[51] The copyright safeguard clause was first introduced in the Rome Convention, but is also contained in subsequent neighbouring rights conventions, including the Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of Their Phonograms ("Phonograms Convention") (Article 7(1)), the Convention Relating to the Distribution of Programme-Carrying Signals Transmitted by Satellite ("Satellite Convention") (Article 6), and the WIPO Performers and Phonograms Treaty ("WPPT") (Article 1(2)). The relevant language found in Article 1 of the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations ("Rome Convention") states:

> Protection under this Treaty shall leave intact and shall in no way affect the protection of copyright in literary and artistic works. Consequently, no provision of this Treaty may be interpreted as prejudicing such protection.

The use of the phrase "protection of copyright" makes it clear that while the safeguard measure does not ensure the applicability of copyright law, it does ensure that if copyright is applicable, nothing under the neighbouring rights convention may affect the rights of copyright owners. The phrase "protection of copyright" would seem to extend to the limitations and exceptions commonly found under copyright laws.

[52] Since copyright limitations and exceptions are generally not applicable to other rights structure, the commonly followed approach has been to incor-

As indicated above, with regard to the treatment of technological measures, the power to control access raises the issue of establishing rights structures alternative to copyright.[53] Whilst the WCT has not taken any steps to apply the approach of the international neighbouring rights conventions, the U.S. in the DMCA has done so to a certain extent.[54] Using copyright safeguard language similar to that found in the international conventions, section 1201(c)(1) states that "Nothing in this section shall affect rights, remedies, limitations, or defenses applicable to copyright infringement, including fair use, under this title." Moreover, like the international neighbouring rights conventions, there are exceptions to the rights found under the anti-circumvention provisions, but unlike these conventions, the exceptions largely do not coincide with the exceptions available under copyright law.[55] Indeed, only one exception could be said to primarily address copyright issues.[56]

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porate limitations and exceptions similar to those found under copyright to the neighbouring rights structures. *See* Article 15(1)-(2), Rome Convention; Article 6, Phonograms Convention; Article 4, Satellite Convention; and Article 16(1), WPPT, *supra* note 51. Significantly, the WIPO Commentary to the Rome Convention states in respect of Article 15(2) that it was intended to act as a hint to the Member States that they should in principle consider treating both copyright and neighbouring rights equally with respect to limitations and exceptions. *See* CLAUDE MASOUYÉ, GUIDE DE LA CONVENTION DE ROME ET DE LA CONVENTION PHONOGRAMMES 59 (WIPO 1981) (English version by W. Wallace).

53 For the author, it becomes a choice of using traditional rights under copyright or the "right against the gaining of unauthorised access" found, for example, under 17 U.S.C. § 1201(a)(1). This is because either rights structure applies to the same underlying content and this is the case even if such provisions are included within copyright law. In the U.S., for example, the anti-circumvention provision is included as part of a separate chapter of the Copyright Act.

54 David Nimmer arguably recognises this when he states: "[T]he WIPO Treaties Act adds a wholly separate tort of unauthorized circumvention, to which the fair use defense is inapplicable." *See* David Nimmer, *A Riff on Fair Use in the Digital Millennium Copyright Act*, 148 U. PA. L. REV. 673, 729 (2000).

55 Exceptions are set out in §§ 1201(d)-1201(j). They include exceptions for reverse engineering of computer programs, law enforcement, intelligence and other government activities, security testing and encryption research. There is also an exception from the prohibition against circumvention of access controls for nonprofit libraries and educational institutions to determine if they wish to acquire a work, an exception to permit discovering and disabling an undisclosed feature that collects personally-identifying information, and an exception to circumvent for the sole purpose of preventing access by minors to inappropriate material on the Internet.

56 *See* Section 1201(f) permitting reverse engineering of computer programs.

Under the emerging EU Electronic Commerce framework, this relationship is handled quite differently.[57] The Conditional Access Directive, although it would seem to qualify as a neighbouring rights structure, leaves the issue largely untreated.[58] The forthcoming Copyright Directive does include a safeguard measure, but it is uncertain whether it applies to technological measures.[59] Although this Directive does cover more traditional copyright limitations and exceptions than the DMCA, the arrangement is intricate and may ultimately prove without effect.[60] This is because users must, in the first instance, rely on "voluntary measures" undertaken by

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[57] The EU copyright and neighbouring rights *acquis communautaire* arguably contains the only provision in point. Article 7(1) of the Computer Program Directive indicates that it is "without prejudice to" the rights and exceptions found under the Directive. The phrase "without prejudice to" is also used in the EU Directives to indicate a safeguard measure. *See* Heide, *supra* note 40, at 1035. Thus, this provision can be said to contain a copyright safeguard clause because it leaves intact the rights and limitations under copyright. In addition, it includes exceptions to the "right against the gaining of unauthorised access" which is part of the rights structure introduced by Article 7 because it allows a user to engage in the circumvention necessary to benefit from the exceptions set forth as part of the Directive. As such, this approach can be said to closely align with the approach of § 1201 and the international neighbouring rights conventions.

[58] *See* Recital 21 Conditional Access Directive, *supra* note 36 ("Whereas this Directive is without prejudice to . . . the application of Community rules concerning intellectual property rights"). However, as Directive recitals are without legal effect under EU law and serve only to assist in the interpretation of the Directive, the Conditional Access Directive's approach is contrary to the approach of the *acquis communautaire*. *See* Heide, *supra* note 40, at 1023 for this argument.

[59] *See* Article 12(2) Copyright Directive Common Position, *supra* note 19 ("Protection of rights related to copyright shall leave intact and shall in no way affect the protection of copyright"). However, as the term "rights related to copyright" refers what would be considered neighbouring rights under the relevant international conventions, it is unlikely that the term will also include the "rights against the gaining of unauthorised access" which can be considered part of the legal protection extended to technological measures in Article 6. The lack of a safeguard clause is also apparent because, unlike Article 7 of the Computer Program Directive, the text of Article 6 is not preceded by the phrase "without prejudice to." As such, there is nothing under the proposed Directive to prevent non-copyright "rights" from interfering with the rights and exceptions found under copyright law.

[60] In totality, the obligation set forth in Article 6.4 extends to only eight of the twenty-one exceptions provided for under Articles 5(2) and (3): reprography, certain permitted acts by libraries, educational institutions, museums and archives, the making of certain ephemeral recordings and archival copies by broadcasters, the reproduction of broadcasts by certain "social institutions," certain uses for scientific or research purposes, certain uses by the disabled, and certain uses for public security or administrative, parliamentary or judicial proceedings. Moreover, if it becomes necessary for Member

rights-holders to enable users to benefit from the specified exceptions. Only where such "voluntary measures" do not exist are the EU Member States obligated to "take appropriate measures to ensure that rightholders make available to the beneficiary of an exception or limitation [specified in Article 6.4] . . . the means of benefiting from that exception or limitation . . . ." However, where the rights-holder can achieve agreement via the Web the obligation will not apply. The penultimate paragraph of Article 6.4 essentially states that if a work is made available and the user has indicated his agreement to a "click-on" licence, for instance, the limitation of the protection of technological measures provided for by Article 6.4 can be contractually overridden.[61] In other words, right-holders need not be bothered by copyright limitations and exceptions at all in the online environment, and would seem to be able to technologically block *any* use.

CONCLUSION — THE NEED FOR REGULATION

What the so-called "access-right" is and where it originates from should stir a greater debate about the rights structure(s) that regulates access to and use of creative works and information products, particularly in the Web environment. Proper characterisation can help to identify the main issue involved: the integrity of copyright law as affected by the recent creation of several rights structures involving technological measures which apply to the same underlying material and give rise to broader powers to control access than found under copyright. In this regard, we should recognise the very real possibility that access control mechanisms and not copyright will come to regulate the use of creative works. Unless the legislator is willing to let copyright be abandoned completely, steps must be taken to secure copyright's position, particularly in the Web environment.[62] From this perspective, it becomes necessary to apply appropriate

States to intervene, the mandatory obligation to introduce appropriate measures may not extend to the exception permitting private copying.

[61] The paragraph states that it "shall not apply to works or other subject matter made available to the public on agreed contractual terms in such a way that members of the public may access them from a place and at a time individually chosen by them."

[62] An alternative does present itself and that entails declaring a copyright limitation or exception of overriding mandatory effect. Under the EU *acquis communautaire*, mandatory exceptions are arguably contained in the Database and Computer Program Directives. *See* Database Directive, *supra* note 19, Articles 6(1), 8, 15; and Computer Program Directive, *supra* note 19, Articles 5, 6, 9(1). However, with regard to the Computer Program Directive, it is unclear whether its exceptions are applicable to non-copyright rights structures. With regard to the U.S., Professor Ginsburg seems to recognise the equivalent of declaring exceptions of mandatory effect: "[b]ecause fair use is a "general equitable defense," one might conclude that courts may — given an appropriate fact situation — apply it to

safeguard measures so that rights and limitations to copyright remain unaffected and introduce appropriate limitations and exceptions to any access centred rights structure. In all, this brings forth a type of regulation not unprecedented in the field of copyright and neighbouring rights, which, as shown, has been followed by the EU and U.S. in part but largely not with regard to appropriate limitations and exceptions.[63] To be sure, not every limitation or exception found under copyright is likely to be appropriate to include as part of such rights structures, but certain ones are, in particular, those addressing pro-competitive, productive uses.[64]

§ 1201(a) by articulating additional, and highly contextual, limitations on the prohibition on circumvention of access controls." *See* Jane Ginsburg, *Copyright Use and Excuse on the Internet*, 24 COLUM.-VLA J. L & ARTS 1, 8 (2000). Either the approach of declaring copyright exceptions of mandatory effect or, as discussed in this article, the approach involving copyright safeguards and the introduction of appropriate limitations and exceptions to other rights structures would seem to yield the same end-result: the application of certain limitations and exceptions under copyright law.

[63] This need has also been pointed out by Professor Pam Samuelson. *See* Pamela Samuelson, *Intellectual Property and the Digital Economy: Why the Anti-Circumvention Regulations Need to Be Revised*, 14 BERKELEY TECH. L.J. 519 (1999).

[64] For a discussion of this type of exception, see Thomas Heide, *The Approach to Innovation under the Proposed Copyright Directive: Time for Mandatory Exceptions?*, 2000 INTELL. PROP. Q. 215.

AUTHOR'S RIGHT AS PROPERTY: OLD AND NEW THEORIES

by PASCAL KAMINA*

There are a certain number of rights which, though to some extent different in detail, all have this essential quality in common, that they do not apply to external, material objects, but to internal, spiritual, or rather intellectual values or products. To my mind no term can be found to characterize the essence of these rights better and more centrally than "intellectual property." As I shall endeavour to show, it has hitherto been an error to keep these rights apart from the sphere of property law and regard them as an entirely special kind of rights. This error has to some extent been due to the fact that the research of the true nature and extent of the right of property has been neglected. On due examination these rights will be found to have in reality the same economic and legal effects as the rights of property in the external material objects; essentially, the two kinds of property rights involve the same fundamental problems.[1]

INTRODUCTION

1. The Enigma of the Legal Nature of Intellectual Property. The question of the legal nature of intellectual property remains one of the fundamental enigmas of civil law. Bound to the debate on the classification of rights, it has mobilized European jurists for two centuries and caused fierce academic disputes. For author's right alone, one author did count no less than ten competing theories.[2] None of them has been adopted consistently, and the majority models are contested regularly. In this respect one could be tempted to use the sentence of the great Danish jurist, Kruse, who, on the civil law debate on the classification of subjective rights, spoke of one of the most extraordinary chapters in the history of the human error.[3]

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[1] FREDERIK VINDING KRUSE, THE RIGHT OF PROPERTY 75 (1939) (published in Danish in 1929).

[2] FRANCIS J. KASE, COPYRIGHT THOUGHT IN CONTINENTAL EUROPE: ITS DEVELOPMENT, LEGAL THEORIES AND PHILOSOPHY: A SELECTED AND ANNOTATED BIBLIOGRAPHY (1967) (focused on German and French laws).

[3] KRUSE, *supra* note 1, at 124.

Most common law lawyers would look at these academic disputes with a measure of skepticism or irony. There is no need to be familiar with the subtleties of civil law to understand that a qualification of intellectual property has little practical effect on rights the regime of which is specified in detail in the law. This opinion is shared by a majority of legal authors in Continental Europe.

But this may be a misconception. In fact, among specialists of intellectual property, many are those who think that the question of the qualification of intellectual property rights has considerable theoretical, but also practical, implications.[4]

On a practical point of view, several gaps in the regime of intellectual property could be filled by constructions based on analogies derived from the characterization of these rights. For example, in France, in the field of author's right, the work of Mr. Jacques Raynard demonstrated the importance of a legal qualification as regards private international law matters.[5] A clarification of the legal nature of intellectual property could also have an effect on questions which are barely addressed in the various intellectual property Acts, such as the cumulation of intellectual property rights, the articulation between intellectual and corporeal properties, the regime of infringement, of attachment of the rights, the regime of external exemptions and limitations, etc. And those who doubt of the practical importance of a legal characterization should not forget, for example, that the strong differences between German and French laws on the question of assignability of author's right, can be explained by the adoption of different theoretical models on the nature of author's rights.[6] Lastly, the debates on moral rights, on copyright exemptions, on copyright and the public interest may also be seen as an effect of the difficulties to apprehend the nature and limits of these rights, and their articulation with conflicting or neighboring rights or principles.

More generally, on a theoretical point of view, the existence of a clear theory on the nature of intellectual property could help the development of a real scientific theory of intellectual property, on the model of the one developed for other properties.

In this context, new theories have emerged in France in the last twenty years, which, it is submitted, could have an influence on the development of a science of intellectual property in the coming years. These

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[4] *See, e.g.*, in France, Jean-Marc Mousseron, Jacques Raynard, Thierry Revet, *De la propriété comme modèle* ("Property as a model"), *in* MÉLANGES COLOMER 281 (1993), and most authors of the "School of Montpellier." *Infra* n°43. [Editor's Note: n° refers to section within text].

[5] JACQUES RAYNARD, DROIT D'AUTEUR ET CONFLITS DE LOIS, ESSAI SUR LA NATURE JURIDIQUE DU DROIT D'AUTEUR (1990).

[6] *See infra* n°32.

theories have in common to be based on old property theories, which have been abandoned by legal authors during the major part of last century, especially in the field of author's right. The objective of this article is to expose and discuss them within the context of the general debate on the nature of author's right and intellectual property in France.

Despite its somewhat misleading title, this study is not intended as an overview of legal doctrines of author's right in all civil law countries, and is limited to the doctrinal landscape in France. Also, it should be reminded that several *droit d'auteur* countries have different legal traditions or statutory provisions in this field, which make difficult, if not impossible, the transposition of legal ideas developed under French law. This is especially true for Germany.[7] We tried, as much as possible, to let the learned authors speak for themselves, by selecting interesting or relevant excerpts from their works. Unless otherwise indicated, translations of French texts are from the author.

2. Forewords: Basic Concepts of the French Law of Goods and Property. Before we embark on this journey in civil law literature, it is necessary to clarify for common law lawyers the key notions and terms which will be used in the following. Like common law, the civil law of property (in its widest meaning) is based on several classifications and distinctions. But the civil law concept of "property" is part of a general theory of rights and of a systematization of the notion of rights on things (rights *in rem* — *droits réels*), and may seem less comprehensive than the common law concepts of "property" and "ownership."

Under French law two *summa divisio* dominate the matter: a division of things, and a division of rights.

There is some uncertainty as to the exact meaning of the term "thing" (*choses* in French). Most legal authors would take it as a generic term, covering all elements apprehended by the law, which are distinct from the person. In particular, things are not restricted to physical things (at least under French law). For our purpose the main difficulty is to determine whether the category of intangible or incorporeal chattels is restricted to "rights," or whether it can extend to other intangible things such as "works of the mind," inventions or trademarks. We will address this question in the following. For the moment, it is sufficient to remind that a thing can be tangible (corporeal) or intangible (incorporeal). Rights are incorporeal things. A "good" (*bien* in French) is a generic term covering those things which are an element of the "patrimony" (*patrimoine* in French), i.e., which have a patrimonial value (positive or negative). It is not restricted to articles of merchandises and covers both chattels real and chattels personal, be they corporeal or incorporeal.

[7] *See, e.g., infra* n°40.

All things or goods are movables or immovables. Rights are movables, unless they are connected to an immovable good, in which case they are immovables. Immovables are real property and the *rights (in rem)* attached to it. Movables are of two sorts: movables in their nature, i.e., things that can be physically moved, on the one hand, and movables by determination of the law, on the other hand. Intellectual property rights and their objects would fall in this second category.

In what follows we will use the term "good" as a synonymous to chattel personal, it being specified that the expression covers rights as well as their objects.

Turning now to the classification of rights (or so-called "subjective rights"), a *summa divisio* is made between patrimonial and extra-patrimonial rights. Extra-patrimonial rights include various rights which are not an element of the patrimony and which cannot be the object of legal commerce, including national status, civil rights, family rights and the rights of personality (rights to one's name, image, honor, privacy, etc.).

Patrimonial rights are further divided into *rights in rem* (rights on things, called "droits réels" in French — which we will term "rights real" in the following) and *rights in personam* (which we will call "obligational rights," instead of "personal rights," in order to avoid a confusion with the rights of personality or otherwise of a "personal" nature, which are different concepts). To further understand the distinction, we should mention that a right *in rem* (right real) is defined in the classical theory as a right which applies directly and immediately on a thing, without the intermediation of a person. Hence the right of the lessee or tenant is not a *droit réel*, but an obligational right, that is, the right to obtain from a contractor the enjoyment of a thing. In the classical theory of patrimonial rights, as instituted by the first commentators of the Civil Code, the right of property is a right real. It is, in fact, the most complete of rights real. Other rights real include divisions of properties, easements (servitudes) and securities *in rem*, such a mortgages.

Note that the distinction between a *droit réel* (right real) and a *droit personnel* (obligational right) has nothing to do with the common law distinction between chattels real and chattels personal: *droits réels* can be on movables or immovables.

As mentioned, in the classic theory inherited from the French Civil Code the right of property is presented as a sub-category of the *droit réel*. It is sometimes called the "prince" of rights real, because it is the most absolute power a person can have on a thing. Article 544 of the French Civil Code defines this right as the "right to enjoy and to dispose of things in the most absolute manner, provided they are not used in a way prohibited by laws and regulations." The prerogatives conferred by a right of property have been systematized in three series of exclusive prerogatives

(powers): *usus* (right to use), *fructus* (right to exploit) and *abusus* (both right to dispose of and right to destroy or abandon the thing). Other rights real are diminutives of property (e.g., usufruct) or securities on a thing (e.g., mortgage). Certain modern theories on the right of property consider that the right of property is not a *droit réel*, and tend to dilute this notion in a broader notion of ownership or entitlement (not unlike the common law concepts of property and ownership).

Like in common law countries, the term property is used in relation to the thing owned as well as in relation to the right of ownership.

Before exposing the new property theories in the field of intellectual property and author's right (II), it is necessary to give an historical account of the main theories, which have been developed and received in France for two centuries (I).

I. HISTORICAL BACKGROUND

3. The Echo of the Great Controversies of Civil Law. The debate on the legal nature of intellectual property is closely associated to fundamental questions relating to the development in Europe of modern theories on subjective rights. Several of the theories we will expose have been proposed in the framework of general studies on the nature of ownership, or more generally on the classification of private rights.

Nearly all theories on the nature of author's right were born in the 19th century. They have been the object of reformulations and refinements over a long period of time, which obliges us to study them separately.

For nearly one century, the doctrinal landscape was dominated by the so-called theories of the "property right," and this, as much in author's right, as in patent or trademark law. These doctrines, which have a strong philosophical basis but were initially expressed in poor technical terms, will refine themselves with the development of the theory of property and rights real. For these theories, intellectual property is a property right (or a right real of a specific kind), which differs from corporeal property in that its object is an intangible thing, the creation of the mind. Seriously contested, these theories will lose their audience in author's right at the beginning of the 20th century (A).

To the property theories one can oppose several theories which have in common to be general theories on intellectual property. The most famous of these theories are the so-called theories of the monopoly and of the intellectual right (B).

Lastly, we must regroup under a special heading the theories developed in the area of author's right, and which are not easily applicable to other intellectual properties. Based, like the property theories, on strong philosophical considerations, their autonomous development was encouraged by the development of moral rights from the middle of the 19th

century, which they contributed to systematize and to reinforce, and by the introduction in the classification of rights of the category of the rights of personality. These *droit d'auteur* theories are rather diverse in their expression and in their consequences, but have this common feature that they see in the author's right a right of extra-patrimonial nature, often qualified as a right of personality, either in part or as a whole (C).

A. Intellectual Property as Property

4. The "Property" of the Author and the Inventor. The term "property" will be used in the 18th and 19th centuries, in France and abroad, to designate the rights of authors and publishers, of inventors[8] and of trademark owners. However, the term was not always used with the same meaning and does not always cover the same doctrinal reality. In fact, one must distinguish three uses, more or less successive, of the term property. It was first used in a philosophical meaning, based on natural law considerations, in order to justify the claim for protection of intellectual property (1). Once the rights of authors and inventors were secured at law, the term property was used in the context of two distinct debates: the first one, on a possible extension of the rights of the author or the inventor; what is sought is a complete analogy with the regime of personal property, and in particular perpetuity (2). The second is strictly speaking *civiliste*, of a technical nature: it is about knowing if the rights of authors, inventors and trademark holders, as instituted by the law, are technically property rights. The term "school of property" should be reserved to authors advocating this last idea (3).

1. The Philosophical and Political Debate

5. Birth of the Idea of Property of Works of the Mind. The idea of property applied to works of the mind was born in the 17th and 18th centuries with the movement aiming at the institution of a right on literary works, which developed in a similar manner throughout Europe.[9] The word prop-

[8] For convenience, we will speak of the right of the inventor. This, of course, refers to the right of the patent owner, which may not be the inventor.

[9] On this question, see the series of articles and essays *in* OF AUTHORS AND ORIGINS (Brad Sherman & Alain Strowel eds., 1994), and in particular: Roger Chartier, *Figures of the Author* 7-22 (originally in French *in* L'ORDRE DES LIVRES: LECTEURS, AUTEURS, BIBLIOTHÈQUES EN EUROPE ENTRE LES XIVÈME ET XVIIIÈME SIÈCLES (1992); Mark Rose, *The Author as Proprietor: Donaldson v. Becket and the Genealogy of Modern Authorship* 23-55 (A slightly different version of this work was published in 1988, in REPRESENTATIONS, no. 23, at 51); David Saunders, *Dropping the Subject: An Argument for a Positive History of Authorship and the Law of Copyright* 93-110; Jane C. Ginsburg, *A Tale of Two Copyrights: Literary Property in Revolutionary France and America* 131-58 (also published at 64 TUL. L.

erty was used by analogy with real and personal property in order to give a basis to the claims of authors and publishers. It is not a technical debate, but a claim (one even spoke of a slogan) for protection based on considerations of natural law.

The development of this idea in 17th Century England is well documented and was extensively studied.[10] A similar evolution took place in France, on the occasion of the conflict which opposed the Parisian and provincial booksellers from 1720 until the decrees of 1777.[11] For example, in 1725, the attorney Louis of Héricourt will affirm in one pleading in favor of the Parisian booksellers that the manuscript

> is in the author's person a good which is so proper to him that it is not more possible to deprive him of it, than to deprive him of his money, of his furniture or even of a land, because it is the fruit of his work which is personal to him, which he must have the liberty to dispose of to his will.[12]

This analogy will be widespread along the century. However, the decree of August 30, 1777 on literary privileges will avoid carefully the use of the word property (probably because of the associated idea of perpetuity), and will qualify the privilege of "grace founded in justice." However, it

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REV. 991 (1990), and in RIDA, no. 147, Jan. 1991, at 125-289); Alain Strowel, *Droit d'auteur and Copyright* 235-53 (also, from the same author, DROIT D'AUTEUR ET COPYRIGHT (1993). *See also* P.E. Moyse, *La nature du droit d'auteur: droit de propriété ou monopole?*, 43 MCGILL L.J. 507 (1998).

On industrial property, see BRUCE W. BUGBEE, GENESIS OF AMERICAN PATENT AND COPYRIGHT LAW (1967), especially Chapter II on continental laws. Concerning industrial property, neither the Venetian decree of 1479 nor the British Statute of Monopolies of 1623 use the term property. It is during the 18th century that the idea of a property in natural law will extend from copyright to patent law. Of course, the natural law justification is not applicable to trademarks.

10 *Id.*

11 In addition to some of the above-mentioned works (e.g., Jane Ginsburg and Alain Strowel), see MARIE CLAUDE DOCK, CONTRIBUTION HISTORIQUE À L'ETUDE DES DROITS D'AUTEUR (1962); LIVIU N. CRISTEA, CONTRIBUTION À L'ÉTUDE DU DROIT D'AUTEUR (1938), and the historical part of the book of PIERRE RECHT, LE DROIT D'AUTEUR, UNE NOUVELLE FORME DE PROPRIÉTÉ (1969). And let us not forget STIG STRÖMHOLM, LE DROIT MORAL DE L'AUTEUR, T. 1, L'ÉVOLUTION HISTORIQUE ET LE MOUVEMENT INTERNATIONAL (1967).

12 *Reproduced in* EDOUARD LABOULAYE & GEORGES GUIFFREY, LA PROPRIÉTÉ LITTÉRAIRE AU XVIIIÈME SIÈCLE (1859), *and in* DOCK, *supra* note 11, at 115-18.

recognizes implicitly the Lockian theory of property when it provides that the privilege is granted to the author "to reward his work."[13]

The idea of a property justified, like all property, in natural law, will also meet with success in Germany and in the United States at the end of the 18th century.[14]

6. The French Revolutionary Laws and the Consecration of the Natural Law Theories. The French Revolution saw the triumph of the concept of private property, elevated to the rank of a human right in the declaration of rights of 1789. This period will also consecrate the idea of an intellectual property based on natural law, similar to corporeal property. It is in this sense that the preamble of the decree on patents of January 7, 1791 provides:

> It would be an attack to the human rights in their essence, not to look at an industrial discovery as its author's property.

It is also the meaning of the famous and often quoted remark of the Le Chapelier report, submitted on the occasion of the decree of January 13-19, 1791 on the performing right:

> The most sacred, the most unquestionable and, if I may so speak, the most personal of all properties is the work, fruit of a writer's thought.[15]

The term property was used in the decree on patents of January 7, 1791[16] and in the copyright decrees of January, 13-19 July 1791,[17] and 19-24 July 1793.[18]

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[13] *See* R. Chartier, *supra* note 9, at 14, and the text reproduced in Dock, *supra* note 11, at 128.

[14] On the development of the idea of literary property in Germany in the 18th century, see M. Woodmansee, *The Genius and the Copyright: Economic and Legal Conditions of the Emergence of the "Author," in* Eighteenth-Century Studies 425 (1984). For the situation in the United States before the federal copyright act, see Ginsburg, *supra* note 9, at 139.

[15] Le Moniteur Universel of 15 Jan. 1791. This phrase will be pronounced, almost verbatim, by Lakanal on the occasion of the vote of the Decree of 1793. It was borrowed from the pleadings of the attorneys Cochu and Linguet against the judicial decisions of 1777 on literary privileges. *See* Dock, *supra* note 11, at 134-35. On this period, see also Recht, *supra* note 11, at 26-47.

[16] Decree of 30 Dec. 1790 and of 7 Jan. 1791. Article 1: "Any discovery or new invention in all kinds of industries is the property of its authors." Also in Articles 4 and 7.

[17] *See* Article 5: "The heirs, or the assignee of the authors, will be proprietor of their works for five years after the death of the author."

[18] Article 1: "Authors of writings of all kinds, musical composers, painters and drawers who will have paintings or drawings engraved, shall enjoy for their entire life the exclusive right to sell, cause to sell, distribute their works in

However, if one speaks of property, there is no question to give it all characters of personal property, as will be defined in the Civil Code of 1804. In particular, the legislator understood very well the limits that the public interest must bring to this property, as evidenced by its temporary character and other limitations.[19]

The philosophical and literary analogy with personal property will be used during the 19th century, especially in the periods where the very principle of the protection was questioned.[20] The use of the term property will also remain general.[21]

This philosophical debate will be followed by two, more technical, debates. The first is about a pure and simple assimilation of the regime of intellectual property to the regime of corporeal property. The second examines in detail the legal nature of the right.

2. *For an Assimilation to the Regime of Corporeal Property*

7. The Partisans of the Perpetual Property. The attorneys for the Parisian booksellers had sometimes asked for an absolute and perpetual property in all points identical to corporeal property.[22]

This idea will be expressed with more strength once the protection of works was instituted and the notion of property adopted by the revolutionary laws. It will be expressed by the creators themselves. The reasoning is simple: if the author's right and the inventor's right are property rights, why not treat their works and inventions like any other properties? It is in this sense that one sometimes speaks of partisans of the "literary property" or of the "intellectual property," and more often of the partisans of the "perpetual property," the debate having especially focused on the question of the perpetuity of the right.

Alphonse de Lamartine, Alfred de Vigny, Honoré de Balzac, Victor Hugo and other famous writers claimed this perpetuity, on the model of

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the territory of the Republic and to assign the property in it in totality or in part." Also, articles 4 and 5, which speak of the "true proprietor" of the infringed work, and article 7, concerning the "exclusive property" of the author's heirs.

19 On this question, see Ginsburg, *supra* note 9.

20 One often quotes the famous remark of Prince Louis-Napoléon in 1844, "the intellectual work is a property like a land, like a house," etc., or those of Lamartine, speaking of "the saintest of properties."

21 So general that it will be used even by legal authors who refuse to characterize intellectual property as property: e.g., Renouard (*infra* n°16), who rejects a qualification as property for a qualification as monopoly or privilege, will continue to use the expression.

22 *See* Flourens, *infra* note 36, at 210.

the corporeal property.[23] It was also advocated by economists like Jean-Baptiste Jobard.[24] They opposed the economists who questioned the very principle of the protection of works of mind and inventions, like the partisans of free-trade[25] or Pierre-Joseph Proudhon.[26] The debate will last one century, and many jurists will support the idea of the perpetuity of the right of the authors and inventors.[27]

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[23] In 1841, Lamartine will be reporter of the commission which proposed an extension of author's rights to fifty years *p.m.a.* The government Bill proposed a duration of thirty years, judged too short by Lamartine and his friends, and too long by Renouard; it was rejected by the Chambre des députés. Balzac became president of the Société des Auteurs in 1838 and Victor Hugo chairman of the Association Littéraire et Artistique Internationale (ALAI) in 1878.

[24] JEAN-BAPTISTE JOBARD, NOUVELLE ÉCONOMIE SOCIALE OU MONAUTOPOLE INDUSTRIEL, ARTISTIQUE, COMMERCIAL ET LITTÉRAIRE (1844).

[25] For this school of thought in intellectual property, see MARC SABATIER, L'EXPLOITATION DES BREVETS D'INVENTION ET L'INTÉRET GENERAL D'ORDRE ÉCONOMIQUE (1976).

[26] Proudhon will oppose these ideas, in particular in his book *Les majorats littéraires*, published in 1863 (*See* OEUVRES COMPLÈTES, T. XVI (1868), and subtitled "examination of a Bill having for objective to create, to the benefit of authors, inventors and artists a perpetual monopoly." He will affirm: "perpetuity violates the law of exchanges which provides that, to the extent possible, each product be paid by equivalent. To go further is instituting parasitism, inequity." *Id.* at 54.

[27] *See, e.g.*, Ch. Ponsonailhe, De la propriété littéraire et artistique (doctoral thesis, Toulouse 1879); C. Casati, *Un projet de loi sur la propriété littéraire et artistique*, REVUE PRATIQUE, T. XIII, at 113 (1862); A. Sorlin, Des droits des auteurs d'oeuvres littéraires dans leurs rapports avec le Code Civil en droit français (doctoral thesis, Paris 1878). The debate will go on until the end of the century; e.g., perpetuity is claimed by EMILE ACOLLAS, LA PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE (1886); *see also* L. Paquy, Des droits des auteurs et des artistes au point de vue international (doctoral thesis, Paris 1884); A. FRANCK, PHILOSOPHIE DU DROIT CIVIL 235 (1886).

They will be opposed by Renouard all along his career. *See also* FOUCHER, *infra* note 28; Ferdinand Hérold, *Sur la perpétuité de la propriété littéraire*, T. XIII, REVUE PRATIQUE 394-427 (1862), who mentions that ideas are in favor of perpetuity; A. Tailleur, *La propriété littéraire, est-ce la propriété?*, T. XVI, REVUE PRATIQUE (1863); M.M. Mourlon, in a long study, *Examen du projet de loi sur la propriété littéraire et artistique*, T. XVII- XVIII, REVUE PRATIQUE (1864); and the authors quoted hereafter. Napoléon himself took a position against perpetuity during the discussion at the Conseil d'Etat on the Decree of 5 Feb. 1810, *in* JEAN GUILLAUME LOCRÉ, LÉGISLATION CIVILE, COMMERCIALE ET CRIMINELLE DE LA FRANCE, T. 9, at 18-19 (1827).

The adversaries of perpetuity who are in favor of an analysis in terms of property will sometimes propose a distinction between the property at natural law (the corporeal property) and the statutory property (intellectual property).

The views of the partisans of the "perpetual" property will never be accepted by the legislator,[28] who will even abandon the term property in the law of July 14, 1866 (extending the duration of author's right to fifty years *p.m.a.*) in reaction to their claims, as evidenced by the following declaration:

> If our project did not pronounce the word property, it could have made it without peril; because the laws of 1793 and 1810, which used this word, used it for a right they created temporary, and since this word "property," in literary matter, means "temporary," we did not risk much by using it in the title of our law; however we did not put the word of "property" in the title of the bill. Why? This is because the term "property," once innocuous, was misused a lot lately; this is because this word came out of legal theory, all armed, under the influence of which a lot of people believed themselves invincible logicians, saying: since it is a property, why not to treat it as the other properties?[29]

3. The Technical Debate

8. Property as a Technical Explanation. The technical, properly *civiliste* discussion on the legal nature of the rights of authors and inventors began when the term property was already widespread.[30] To a philosophical ex-

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[28] In author's right, the exploitation right was granted to authors by the law of 1793 for their life and ten years thereafter. This *post mortem* duration was extended to twenty years in 1810 and to fifty years by the law of 14 July 1866. A legislative commission of 1825 unanimously rejected the principle of perpetuity, on the basis of strong public interest considerations: "Could we extend the right of all heirs in an indefinite manner, that is, assimilate entirely the property of a work to the one of a field or land? Such a privilege does not exist anywhere; it would prejudice to education by a too extended monopoly; it would become onerous for the public, or illusory for the families, it would be untrue to the intentions of the author himself who, in publishing his work, wished that editions be multiplied after him." M. Villemain, *quoted in* V. FOUCHER, LE CONGRÈS DE LA PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE TENU À BRUXELLES EN 1858, 58 (1858).

Renouard indicates that perpetual literary property existed in Holland from 1796 to 1811 and from 1814 to 1817. TRAITÉ DES DROITS D'AUTEURS 439 (1838). Perpetuity existed in France for industrial drawings during the 19th century.

[29] *Commissaire du Gouvernement Riche*, LE MONITEUR, June 2, 1866, at 673. By contrast, the law of 8-15 Apr. 1854 is titled "Law on the right of property guaranteed to widows and children of authors, composers and artists."

[30] Flourens, *infra* note 36, notes that the first scientific study of author's right was made by a special legislative commission of 1826 (COMMISSION DE LA PROPRIÉTÉ LITTÉRAIRE. COLLECTION DES PROCÈS-VERBAUX (1826)).

planation, to a claim of writers and publishers, will be added a technical analysis of the nature of the rights instituted at law.

From the year 1840 onwards, a significant number of jurists, to the notable exception of Renouard,[31] adopted a qualification of the rights of authors and inventors as rights of property (of a specific kind). These authors are sometimes referred to as supporters of the "temporary property," as opposed to the partisans of the "perpetual property." Several periods must be distinguished.

9. Legal Authors Before Eugène Pouillet (1840-1879). Early writings are especially rich in author's right. The argumentation of legal authors is sometimes little developed, and one notices a certain difficulty to apprehend the creation of the mind as an intangible thing or chattel, distinct from its physical embodiment, and object of the property right.[32] For example, most early writing speak of a "property of the thought" or of a "property of the right of copy." Sometimes, authors affirm the qualification as property right, without further explanation,[33] while underlining such or such analogy with ownership.[34]

When a detailed argumentation is proposed, it generally takes the following form: (a) the author owns some rights equivalent to those of the proprietor, less the perpetuity; (b) this perpetuity is not an essential attribute of property; (c) therefore, literary property must be connected to the right of property, one in its principle, but several in its applications, and of which intellectual property is only one species.[35]

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[31] Who was the first one to undertake a truly legal analysis of intellectual property but who will also be the first to reject a qualification as property. *See infra* n°16.

[32] But literary property is not conceived as an element of the ownership of the manuscript, as did Héricourt, the attorney for the Parisian booksellers at the beginning of the 18th century. *See* Dock, *supra* note 11, at 116-17. However, a certain survival of this idea appears when the contractual mechanism of the sale of a work of Art is examined (*See, e.g.*, Pardessus and other authors quoted at n°13 *infra*).

[33] Alfred Nion, Droits civils des auteurs, artistes et inventeurs (1846) (who uses the expression "intellectual property"); Etienne Blanc, Traité de la contrefaçon en tous genres (1855).

[34] Joseph Gastambide, Traité théorique et pratique des contrefaçons en tous genres (1837): "The most general idea that one can have on property is certainly this one: right to enjoy and destroy, *uti et abuti*. And where can these be better found than in intellectual property." *Id.* at 10; Historique et théorie de la propriété des auteurs (1862); E. Calmels, De la propriété et de la contrefaçon des œuvres de l'intelligence 33 (1856); F. Hérold, *supra* note 27; P. Clément, Etude sur le droit d'auteur (doctoral thesis, Grenoble, 1867); *see also* R. Le Barrois d'Orgeval, La propriété littéraire (doctoral thesis, Paris 1868).

[35] *See* the interesting demonstration of C. Lang, De la propriété littéraire 53-58 (doctoral thesis, Strasbourg 1856).

One author, Flourens, who will be quoted by Pouillet, deserves some attention. In his doctoral thesis published in 1872,[36] he advocates a qualification as right *in rem* (right real), while reserving the term property to tangible things. Flourens is interesting because if he sometimes has a hesitant terminology, he feels clearly the distinction between the work and its embodiment, and the existence of an intangible, incorporeal thing constituted by the creation of the mind, object of the author's right.[37] A new step will be taken in 1879 by Ponsonailhe, who sees in author's right a right real,[38] while affirming its double, pecuniary and moral, aspects, these "two faces of the literary and artistic property."[39]

In passing, it may be observed that the authors of this period, if they do not all pay attention to moral rights, still inarticulate in case law, insist on the extra patrimonial or "personal" nature of the unpublished work, which, according to them, remains attached to the person of the author.[40]

This property theory met with a certain success in case law.[41] In particular, one can quote the Court of Appeal of Paris, which affirmed in 1853 that:

> The creation of a literary and artistic work constitutes to the benefit of the author a property whose basis is in the natural law, but whose exploitation is regulated at civil law.[42]

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[36] Abel Flourens, Origine et développement en France de la législation sur les droits d'auteur (doctoral thesis, Paris 1872).

[37] "Be it still enclosed in the manuscript or be it published, the literary work is always an incorporeal thing," at 220; also at 226 on patents and trademarks. *See also* F. Pélagaud, De la propriété littéraire (doctoral thesis, Paris 1874), and Louis Thulliez, Droit français de la propriété littéraire (1876).

[38] Ponsonailhe, *supra* note 27, at 476s.

[39] *Id.* at 179. However, he does not further develop this finding.

[40] Following in this the opinion of Raymond-Theodore Troplong, Du contrat de mariage, T. I, paras. 435-36. Lafferrière, *in* Revue de législation et de jurisprudence, 1836, T. V, at 81, affirmed the non-transferability of author's right mortis causa in the following terms: "territorial property is essentially transferable, because the relation between the proprietor and the thing can exist also between the thing and the heir; literary property is not transmissible because it is essentially of a personal nature, and because the primitive relation between the author and his work cannot pass to the heir."

[41] However, in examining early case law one should be careful to exclude several cases which confuse the property of the manuscript and the property of the work, which is a different problem.

[42] In the case *Barba v. Lecou*, 8 Dec. 1853, Sirey 1854, 2, at 109; also Court of Appeal of Bourges, 14 June 1844, Dalloz Périodique 1846, 2, at 41, which speaks of an "exclusive right of property."

This analysis was also applied to patents[43] and trademarks.[44]

10. The Influence of Pouillet. Eugène Pouillet, one of the most famous French authors in the field of intellectual property, is often presented as the leader of the school of intellectual property.[45] He certainly is the author from this school who had the biggest influence. However, the opinion expressed in his treatise is sometimes less developed than certain analyses made before 1879, date of publication of the first edition of his treatise on literary property. It is true that he appears at first reading a strong defender of the property theory. For example, to the question "is author's right property?," he answers:

> if one refers to the law itself, it is well a right of property that its text (the law of 1793) institutes . . . author's right is still today, to the eyes of the law, what it was then, that is, a true property right. That this property is of a special nature, that it required a particular regulation, and that, while taking its source in the natural law, it required a regime different from that of ordinary property, this is obvious; but in what does this affect its principle?[46]

However, to the question "is it a personal or real right?," Pouillet answers by rejecting the assimilation by Flourens to a right real, and concludes: "author's right is of a particular species, having, without doubt, common characters with the ordinary property right, but differing from it by some aspects."[47]

In any case, Pouillet considers that this question of qualification is of little practical importance.[48] However, the author will remain faithful to

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[43] In patent law, despite the abandonment of the term property by law of July 5, 1844 (mainly because of its temporary character), its use became widespread in legal writings, and is defended is similar terms as in author's right (*See, e.g.*, H. Mabille, Etude sur les brevets d'invention 99 (doctoral thesis, Douai 1874).

[44] By contrast to patents, the analysis of the trademark right as a right of property is instituted by law. Indeed, not only did the law of 29 June 1857 frequently use the words "property" and "owner" (Its title I is entitled "of the right of property of trademarks"; *see also* articles 2, 3, 16 and 17), but preparatory works are very clear on that point (*see* G. Morin, De la propriété des marques de fabrique et de commerce en droit français 87 (doctoral thesis, Paris 1878). Case law will also adopt this qualification (*see, e.g.*, Court of Cassation, 8 May 1868, BULL. CRIM. no. 125, at 207, DALLOZ PÉRIODIQUE 1868, 1, 507).

[45] *See, e.g.*, RECHT, *supra* note 11, at 62.

[46] EUGENE POUILLET, TRAITE THEORIQUE ET PRATIQUE DE LA PROPRIETE ETE LITTERAIRE ET ARTISTIQUE ET DU DROIT DE REPRESENTATION para. 9, at 17-18 (1879 ed.) (unchanged in the 1908 edition).

[47] *Id.* para. 172, at 159-60 (1879 ed.) (unchanged in the 1908 edition).

[48] *Id.* para. 9, at 17 (1909 ed.).

the term property, in spite of the critiques, and this as well in industrial property[49] as in author's right.

11. Legal Authors After Pouillet. Despite the development of moral rights and the birth of competing personalist theories, the opinion of Pouillet and his predecessors will still have followers in author's right until the turn of the century.[50] Among the last ones, Edmond Thaller[51] and Gustave Huard,[52] both writing in 1903.

In industrial property, the theory of the property right will survive, in spite of attacks from the partisans of the theories of monopoly and intellectual rights.

12. The Abandonment of the Term Property by Courts in Author's Right. By contrast, the property theory had started to decline in the case

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[49] *See, e.g.*, ANDRE TAILLEFER & CHARLES CLARO, TRAITÉ DES MARQUES DE FABRIQUE para. 76 (6th ed. 1912).

[50] Georges Ancillon de Jouy, De la propriété artistique en droit français (doctoral thesis, Nancy 1880), affirms that author's right is neither a right real (since it is not on a corporeal thing), nor an obligational right, nor a personal right ("droit de puissance"), but considers that it has the strongest analogies with the right real; *see also* Marcel Chatain, De la propriété littéraire en droit français (doctoral thesis, Paris 1880), who has difficulties to distinguish the work from its embodiment; Joseph-Marie-Paul Michou, De la propriété littéraire et artistique 76-83 (doctoral thesis, Montpellier 1884), rejects the word property (in the absence of perpetuity), but considers author's right as a right real; Emile Montagnon, Principes de la legislation des droits d'auteur(doctoral thesis, Lyon 1883), sees in the author's right a right real and underlines its "moral aspect"; Albert Vaunois, De la propriété artistique en droit français (doctoral thesis, Paris 1884), is probably the one of the first dualists, as he admits the existence of a moral right on the side of the economic right of the author. He qualifies the pecuniary right of right real.

[51] Edmond Thaller, *Des rapports de la propriété littéraire avec le régime de communauté, in* REVUE TRIMESTRIELLE DE DROIT CIVIL 55 *et seq.*, especially at 61 (1903). Thaller wrote in the context of the debate on the status of author's right with regard to marital property, exposed hereafter at n°26. The author's right, which he qualifies as property, does not form itself at once, but needs, in order to become a patrimonial good, to be the object of successive divulgations or publications. In other terms, he considers that the work does not become as a whole a good with its first publication. For Thaller, "patrimonization" is restricted to the publications made or authorized by the author. Accordingly, new editions are treated like new works (and remain the separate property of the author if they took place after termination of his marriage, even if first publication occurred during marriage and if it was then part of the marital community).

[52] GUSTAVE HUARD, TRAITÉ DE LA PROPRIÉTÉ INTELLECTUELLE, T. 1, PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE (1903). Huard does not undertake a thorough technical analysis and does seem to attach a limited importance to the question of qualification. *See also* GEORGES BRY, LA PROPRIÉTÉ INDUSTRIELLE, LITTÉRAIRE ET ARTISTIQUE (1914).

law on author's right. The French Supreme Court had reaffirmed it in 1880, in the *Masson* case,[53] but will abandon this position seven years later in the *Ricordi* decision, before the *coup de grâce* is (apparently) given to the theory by the *Lecocq* decision in 1902.[54]

13. The Theoreticians of Property and Moral Rights. Contrary to a general (and modern) assumption,[55] the partisans of the property theory did not ignore the "moral" prerogatives of the author. Emile Accollas, for example, goes as far as considering these moral prerogatives as a necessary corollary of the patrimonial right, attribute of the property right.[56]

Early authors seem to have opted for a contractual explanation of the rights to object to derogatory treatments of the work (right of integrity) and of the right to be identified as author (right of paternity). The idea is first found in the writings of a famous author, Jean-Marie Pardessus, who writes:

> The sale of a manuscript without any reserve does not have the same effects as the one of ordinary properties. It does not give to the purchaser the right to dispose of the manuscript in the most absolute manner; for example, to change, to recast, to increase by intercalations or to reduce by deletions. Also, he cannot destroy it or decide not to publish it in print; he is, actually, only a tenant for life, who must enjoy while keeping the substance of the thing.[57]

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[53] 16 Aug. 1880, SIREY 1881, 1, 27, note Lyon-Caen: "The literary or artistic property, essentially movable, has the same characters and must have the same fate that all other kinds of property, less the limitation the public interest caused to its duration."

[54] *Infra*, n°26

[55] E.g., HENRI DESBOIS, LE DROIT D'AUTEUR EN FRANCE 273 (1950 ed.).

[56] EMILE ACOLLAS, LA PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE (1886): "We do not deny . . . that its personal and intimate nature may carry consequences that the property of corporeal things do not carry" (at 17); *see also*, for the recognition of the right for the author "to control each, to make all modifications he judges fit and even to oppose, as the case may be, to the reproduction of his work, all subject to the appreciation of courts." *Id.* at 44. *See also* above mentioned authors such as Ponsonailhe, Montagnon, Vaunois, and the general opinion that the unpublished work is *extra patrimonium*.

However, several authors underline the lack of unity of these prerogatives. *See* Gustave Huard, *De divers droits qu'il ne faut pas confondre avec la propriété intellectuelle* ("of various rights which ought not to be confused with intellectual property"), *in* LE DROIT D'AUTEUR 102 (1899): "the prerogatives that one considers as inherent to the moral right differ too much one from another for it being possible to group them under a common denomination, as is made from immemorial times for the attributes of property."

[57] JEAN-MARIE PARDESSUS, COURS DE DROIT COMMERCIAL (1st ed. 1814). *See also* para. 310 (6th ed. 1856).

This idea of an assignment of the sole enjoyment of the right will be adopted by the great civil lawyer Troplong,[58] and among specialized authors by Gastambide, Renouard and Blanc. A neighboring idea is found in the writings of Nion, who distinguishes between the "eminent" and "useful" domains (the first one being attached to the author).

After them, other legal authors, noting the use by courts of article 1382 of the French Civil Code (general principle of civil liability[59]) to condemn violations of the "droit moral," refused to recognize its existence as a specific and distinct right. In this "liability theory," the so-called "droit moral" was only the right to ask on the basis of article 1382 the reparation of a wrongdoing committed by a person: strictly speaking the author does not have a moral right on his work; through the work, it is him who is aimed at, and this is only the application of the general principle of civil liability.[60]

14. Conclusion. At this stage, it is necessary to put an end to the idea according to which the property theory in 19th century France covers a unitary, and technically poor, conception. On the contrary, the opinions abound and diverge. Firstly, concerning the object of the right: material thing, intellectual thing, value represented by this thing or even right of copy. Secondly, on the nature of the right: right of property in all points similar to ordinary property, *sui generis* right of property, simple right real, right exclusively patrimonial or not, etc. We also saw that Pouillet, if he was the most influential representative of the theory, was not the one who presented it in the most technical way. Finally, we noted that the theory sometimes took into account some prerogatives which will be united under the appellation "droit moral." But on this last point, it is clear that legal authors experienced some difficulties to provide a technical explanation of the body of rules created by case law. This is not the case of the new property theories.

B. Other General Theories on Intellectual Property

15. Presentation. To the property theories have been opposed several theories which have in common to be general theories, covering all intellectual properties. The first of these theories sees in intellectual property a simple monopoly. In its most technical expression, the monopoly theory refuses to admit the existence of an intangible thing which could be the

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[58] RAYMOND-THEODORE TROPLONG, DE LA VENTE 245 *et seq.* (4th ed. 1845) ("the buyer of a work of the mind never acquires the absolute property of it").

[59] Art. 1382: "Every action of man which causes injury to another, obligates him through whose fault it happened to repair it."

[60] Of course, outside any idea of a violation of a right of personality.

object of a property right, and analyzes author's right as a simple right to prevent some acts (1).

The second theory is the so-called theory of the "intellectual right." This theory acknowledges the existence of an intangible thing, object of the intellectual right, but refuses to admit that an intangible thing be the object of property. Therefore, the "intellectual right" constitutes a third category of patrimonial rights to be added to the distinction between rights in things and obligational rights. This theory is still widespread in civil law countries (2).

A third, but relatively atypical and isolated theory, sees in intellectual property rights rights on a clientele or practice (3).

1. The Intellectual Right, Simple Monopoly

16. The Monopoly Theories. In France, Augustin-Charles Renouard, who was the first legal author to undertake a legal analysis of the nature of intellectual properties, was also the first one to reject a qualification in terms of property.[61] Instead, he will qualify the author's right as a privilege or as a monopoly. He will also speak of an "exclusive right of copy on the reproduction of the work," or even of a "privilege intended to guarantee the monopoly of exploitation."

It is interesting to note his objections to the property theory. He first rejects this analysis, affirming: "if I recognized to authors' rights the characters of a property, my mind would not be free to refuse them one of its consequences,"[62] that is, its essential characters of transmissibility, perpetuity and inviolability. He then refuses to follow the partisans of the "perpetual property," supported, according to him, by literary lobbies. In the same way, he will reject any analogy with corporeal property on the motive that "author's right does not have the same sources, the same object, the same consequences, or the same limits."[63]

More technically, he opposes the term "literary property" on the ground that "the object of property must be a thing appropriable,"[64] where the supposed literary property is only about objects "the existence of which does not require that they stay forever appropriated by exclusive holders."[65] He goes further by affirming that "the thought is, in essence, not appropriable," and that "the ability to copy and to reproduce the thought is not less so."[66]

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[61] AUGUSTIN-CHARLES RENOUARD, TRAITÉ DES DROITS D'AUTEURS, DANS LA LITTÉRATURE, LES SCIENCES ET LES BEAUX-ARTS (1838).

[62] *Id.* at 444.

[63] Quoted by RECHT, *supra* note 11, at 52.

[64] RENOUARD, *supra* note 61, at 447.

[65] *Id.* at 449.

[66] *Id.* at 454.

> It follows that the right of property, in the legal meaning of this word, could apply to the portion or portions of matter in which the form of the thought will have been imprinted, and for example, to such volume, to such picture, but will never extend to the thought itself, or to the ability to copy it, to reproduce it, to impose to a portion of matter its seal and form.[67]

Renouard will reaffirm this position in his writings on industrial property.[68]

Following Renouard, the term "monopoly" will be used mainly in France by authors willing to distinguish themselves from the supporters of the perpetual property and of the doctrines of natural law.[69] It will also be used by economists who question the principle of protection, like Proudhon[70] or the partisans of free-trade.

One will have to wait for the end of the century to read a positive definition of the monopoly, which takes on and develops the demonstration of Renouard. This will be made by Ernest Roguin in his work on pure theory of law, *La Règle de Droit*, published in 1889.[71] The author rejects

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[67] *Id. See also Des droits des auteurs sur les produits de leur intelligence*, REVUE DE LÉGISLATION ET DE JURISPRUDENCE, T. V, 251, 254 (1836-1837).

[68] E.g., regarding patents, in DU DROIT INDUSTRIEL DANS SES RAPPORTS AVEC LES PRINCIPES DU DROIT CIVIL SUR LES PERSONNES ET SUR LES CHOSES 406 *et seq.* (1860).

[69] *See, e.g.*, FOUCHER, *supra* note 28; A. Tailleur, *La propriété littéraire, est-ce la propriété?*, REVUE PRATIQUE, T. XVI (1863), who qualifies author's right as privilege. Maurice Riché, De la propriété littéraire 29 (doctoral thesis, Paris 1874), for whom the authors' rights are only "the profit resulting for them from a prohibitive law of public order," from a "temporary monopoly"; *see also* Georges-Adolphe Lebret, Du droit des auteurs et des artistes sur leurs oeuvres 967 *et seq.* (doctoral thesis, Paris 1878). Like Riché, he rejects the notion of property because: (i) the work, intangible thing, cannot be the object of a right of property; (ii) the right of property can be perpetual only; and (iii) the so-called author's right on a work has a more reduced scope than property. He sees in the author's right a monopoly, that is, a "temporary and contingent exclusive right." He also affirms that the object of the right is not the work itself, but the copy to be sold. But the thesis of Lebret is interesting in that he affirms the "moral sovereignty of the author on his work," before and after publication, and finds on the side of the monopoly, pecuniary right, a moral right. This moral right is distinct because it is on the work itself, expression of the personality of the author. Hence, Lebret, if he is in favour of the monopoly theory, is also a precursor of the dualist theories in France.

[70] Proudhon uses the word monopoly, but justifies the rights of authors and inventors by a contract entered into with society (in *Les majorats littéraires*, *supra* note 26).

[71] ERNEST ROGUIN, LA REGLE DE DROIT 315-34 (1889). On intellectual rights, he affirms: "The element of monopoly, of privilege for exclusive use, is characteristic of all these rights; it is found in any of them, and it is the only

the characterization as property mainly by refusing the idea that a right could exist on an intangible thing.[72] This allows him to define the legal concept of monopoly, as opposed to the right of property: whereas the right of property is a right on a thing, the monopoly is the right to prevent the possession of similar things, a right of "non-imitation."

> One must not say that property is a monopoly, or contains an element of monopoly, since, as exclusive, it owns a character merely common to all right, while the monopoly is something abnormal . . . it is merely the right, not to own exclusively such determined object, but to stop others from owning objects similar or analogous to those of the monopolist, although they are concretely other than his.[73]

The alleged "intellectual properties" are therefore private monopolies, which in his theory of the monopoly, are passive obligations.[74] He places these monopolies "between rights in things (droits réels) and other obligational rights, since they constitute in most cases the reinforcement of rights on things by means of a general network of duties of inaction."[75]

The theory of the monopoly was also widespread in Germany, where it was developed early and where it took various forms.[76]

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one which allows, or rather directs to gather them." *Id.* para. 167, at 315-16. *See also* the exposition of the ideas of Roguin *in* RECHT, *supra* note 11, at 87-89.

72 "A right cannot, by the very nature of things, absolutely not affect a material thing." ROGUIN, *supra* note 71, at 319). "One cannot conceive, on a legal viewpoint, the separation of the work from the material elements or from the envelope which serves as its body or means of expression." *Id.* at 322.

73 *Id.* at 309.

74 "It is precisely in this paralysis of the naturally possible activity of others by the creation of obligations of a passive nature that lays the monopoly." *Id.* at 328. For this reason, Roguin was sometimes considered as a supporter of a theory of the obligational right. Pierre Recht objects to this qualification, underlining that in his theory, if Roguin reduced the right real to a "universal passive obligation," he does not consider it as an obligational right. RECHT, *supra* note 11, at 88. However, this theory undoubtedly has a relation with the theories of Planiol on property. The analysis of Roguin was already made by PICARD & OLIN, TRAITÉ DES BREVETS D'INVENTION ET DE LA CONTREFAÇON INDUSTRIELLE 386 *et seq.* (1869). (*See* RECHT, *supra* note 11, at 89.)

75 ROGUIN, *supra* note 71, at 333.

76 *See* the bibliography mentioned by KASE, *supra* note 2, at 5-7. In a general manner, it is the refusal to consider an immaterial thing as an object of right which constitutes the main obstacle to the existence of a right real. Louis Rigaud quotes this phrase from the German jurist Wendt: "the protection of products of intelligence created new values, but not new things." LOUIS RIGAUD, LE DROIT RÉEL 389 (1912).

17. Case Law. The French Supreme Court abandoned the term property for the term "privilege" in 1887, in the *Ricordi* case[77]:

> The author's rights and the monopoly they confer, usually called by the name literary property, do not constitute, strictly speaking, a property, they only confer to the person in whom they vest the exclusive privilege of a temporary commercial exploitation.

However, one will notice that it is the limited duration of the right which justifies a rejection of the characterization as property,[78] and not considerations on the nature of the protected object. Therefore, this change may be explained, like the deletion of the word property in the law of 1844, as a reaction against the contemporary demands of the partisans of the "perpetual property."[79] A similar position will be adopted by the Court of Appeals of Paris in the *Lecocq* decision of February 1st, 1900[80]:

> Considering that a musical work, published or performed, did not constitute, under the laws January 13-19 1791 and 19-24 July 1793, a good susceptible of a property right, as it existed then and under the previous law, but gave to its author special and temporary rights which are different from the absolute right of perpetual property; considering that the civil code . . . has, by its silence, excluded them from its classification . . . Considering, finally, that these rights have been and remain only exclusive privileges of a temporary exploitation; that therefore they remain outside the classification of the civil code.

18. The Monopoly Theory in the 20th Century. The monopoly theory will have only a few supporters during the 20th century. However, one finds an expression of this theory in the writings of the great jurists Marcel Planiol and Georges Ripert,[81] although the latter seems sometimes more favorable to the notion of property.[82] It seems that the theory was en-

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77 Cass. Req. 25 July 1887, DALLOZ 1888, 1, 5, note Sarrut.

78 This appears clearly in the note of the Conseiller rapporteur. *Id.* at 8, and in the commentary of Louis Sarrut.

79 *Supra* n°7, *in fine.*

80 SIREY 1900, 2, 121, *infra* n°26.

81 E.g., MARCEL PLANIOL, TRAITÉ ÉLÉMENTAIRE DE DROIT CIVIL, T. 1, para. 2545 (1st ed. 1900); MARCEL PLANIOL & GEORGES RIPERT, TRAITÉ ÉLÉMENTAIRE DE DROIT CIVIL 821 (10th ed. 1925); *see also* TRAITÉ PRATIQUE DE DROIT CIVIL FRANÇAIS, T. III, LES BIENS (2nd ed. 1952), at para. 574; GEORGES RIPERT & JEAN BOULANGER, TRAITÉ, T. II, para. 2904 (1957) (*but see* para. 2906). *See also* H. MICHAS, LE DROIT RÉEL CONSIDÉRÉ COMME UNE OBLIGATION PASSIVEMENT UNIVERSELLE (1900).

82 *See, e.g,* GEORGES RIPERT, LES FORCES CRÉATRICES DU DROIT para. 81 (1955), on industrial and literary property: "there exists real incorporeal properties

dorsed by the French commission for the reform of the civil code in 1946-1947.[83]

Later, the monopoly theory will be exposed in France in terms close to those of Roguin by an Italian author, Remo Franceschelli, in an article published in 1961.[84] The theory will have a limited audience in industrial property, where it sometimes takes the form of the so-called "contract theories," which base the institution on a contract entered into between the author or the inventor and society.[85]

Most modern legal authors use the term "monopoly" in an "economic" meaning, regardless of any technical legal discussion.[86]

19. Discussion. It has been demonstrated elsewhere that intellectual property rights are not monopolies in an economic sense.[87] In fact, in ordinary life very few intellectual properties are capable of generating market

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which grant an exclusive right and which are inferior to the property of corporeal goods only by the refusal of the perpetuity of the right."

[83] *See* Travaux 1946-47, at 611, which use the expression "droit privatif " (privative right).

[84] Remo Franceschelli, *Nature juridique des droits de l'auteur et de l'inventeur*, *in* MÉLANGES ROUBIER 453 (1961) (theory followed, it seems, by several legal authors in Italy). For the author, the rights of authors and inventors are made of two elements, the right to achieve and to exploit what constitutes the specific object of the invention or of the literary work, on the one hand, and the right to prevent third parties from reproducing and selling the achieved productions, on the other hand. He notes that where the first element already belongs to the author or to the inventor by virtue of ordinary laws, the second is conferred only by specific legislation. For the author, this *jus prohibendi*, *jus excludendi alios*, is the characteristic aspect of the right. It constitutes a monopoly right, irreductible to existing legal categories, to be added as a fourth category to the tripartite division of rights.

[85] This was already the opinion of Proudhon, quoted above. In 1846, during the discussion of a bill on registered designs, M. Cunin-Gridaire, Minister of Commerce, characterized the right as a "privilege" and spoke of a transaction between the society and the inventor. This idea will be later expressed by jurists like Edmond Thaller, *Dépendance ou indépendance des brevets pris pour une même invention dans divers Etats*, REVUE CRITIQUE DE DROIT INTERNATIONAL PRIVÉ 5 (1908), and ALAIN CASALONGA, DEPUIS LA NOTION DE BREVETABILITÉ CONSIDÉRÉE SOUS L'ANGLE DU CONCEPT DE CAUSE EN DROIT CIVIL (1938).

[86] *See, however*, a survival of the theory in A. De Caluwé, *Propriété Industrielle, Droits Intellectuels, Antiquités Juridiques?*, *in* JURA VIGILANTIBUS (Antoine Braun, Les droits intellectuels, le barreau) (1994). For the author, the intellectual right would be an element of competition law, broadly defined as "all rules regulating the economic or productive activity of men so as to allow the harmonious development of this somewhat egoistic activity in a social context." *See also* ANTOINE BRAUN, PRÉCIS DES MARQUES DE PRODUITS ET DE SERVICES 10 (1987).

[87] *See, e.g.*, WILLIAM R. CORNISH, INTELLECTUAL PROPERTY 1-45 (4th ed. 1999), and references included; FOYER & VIVANT, *infra* note 212, at 266.

power in themselves. In this meaning, intellectual properties are no more monopolies than corporeal property. By contrast, if the term monopoly is used as a legal concept, descriptive of the very nature of intellectual rights, it should be based on a specificity of these rights.

In this respect, the partisans of the monopoly theory fail to convince when they affirm that the specific content of the intellectual right is not the right to manufacture, etc., the invented thing, this right belonging to the author or the inventor under ordinary law, but the duty of third parties to abstain from acts they could normally exercise according to their right of property or natural law. Indeed, this reasoning can just as well be applied to other rights, and notably to the right of property.[88] Accordingly, it does not give any valid criteria of distinction between the right of property and the supposed new category constituted by the right of monopoly.

And the fact that intellectual property is an exceptional measure and an artificial creation of the law is not sufficient to reject a characterization as property. New properties can be created by the law, as well as divisions of property or rights in things.

In fact, if the notion of monopoly is to have a precise meaning, it should be limited to certain legal situations, like a general right to export or import certain classes of products, the monopoly of manufacture or sale of cigarettes, etc. From an economic view point, these are closer to real monopolies, where intellectual rights and other property rights have a more reduced effect and scope.[89] Besides, these true monopolies do not confer any rights on an individualized and determined thing, but apply to a category of products or activities. From a legal view point these prerogatives, usually non-transferable, are not, strictly speaking, subjective rights, but statutory situations. All the historic evolution of the intellectual property was to go from these statutory situations (privileges) to a subjective right system (property rights).

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[88] E.g., it is clear that any individual has the right to use a non-appropriated thing. In case of appropriation, the right of property confiscates prerogatives (or rather, liberties) which belong to all under the general principles of law. Therefore, one could consider that the specific content of the property right is the duty imposed to third parties to abstain from doing certain acts, the power to exploit the protected thing being only an effect of the ordinary laws. Under civil law this vision is adopted by the so-called personalist doctrine of the right real (not to be confused with the personalist theories of author's right), which reduce the right real to a universal passive obligation. But then, it is the category of rights in things (rights real) and the notion of property which are absorbed in the category of obligational rights.

[89] The proprietor of a tangible thing does not possess all similar things, and the monopoly of the holder of intellectual property does not extend to a class of goods or creations. In addition, under copyright law, it is a universal rule that two identical original works which are not copied and produced by two different persons are equally protectible.

2. The Intellectual Right as a Sui Generis Category

20. The Theory of the Intellectual Rights (Droits Intellectuels) of Picard

One owes the term "intellectual rights" to a Belgian jurist, Edmond Picard, who invented it in 1877.[90] This expression will be central to a theory which is still widespread in civil law countries.

As a starting point of his theory, Picard notices that jurists cannot free themselves of the Roman tripartite division between legal qualities (objects of "personal rights"), actions (objects of obligational rights) and things (objects of rights real). He then notes that the institution of authors' and inventors' rights forced jurists to include them in the category of rights real, "considered like a sort of general store destined to receive what does not fit in the first two," since "one could not find them any analogy with personal or obligational rights."[91] However, for Picard:

> The Romans did not realize that a merely intellectual thing could be the object of a right. It repelled to their eminently positive and materialistic judiciary. And during centuries the School, influenced by the authority of the law of Justinian, could not free itself of the conviction that the Division could be only tripartite.[92]

He affirms that the assimilation proposed by the supporters of the property theory can only produce irrational results:

> From a material thing to an intellectual thing, differences of regime are too important for the same legal regime to apply.[93]

Therefore, Picard judges impossible to extend the Roman categories to rights on the creations of the mind, and proposes the creation of a fourth branch added to the tripartite division, the "intellectual rights," rights on intellectual things.

For Picard, the moral right of the author is an element of the intellectual right. Accordingly, this theory is a monist (unitary) theory.

The contribution of Picard is important, as he is one of the first French-speaking authors to have identified the creation as the object of

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[90] According to RECHT, *supra* note 11, at 70, his theory was exposed earlier, in 1873, in a conference to the law society of Brussels (Bulletin de la conférence 1873-1874, at 50). *See also* DES DROITS INTELLECTUELS À AJOUTER COMME QUATRIÈME TERME À LA DIVISION CLASSIQUE DES DROITS EN PERSONNELS, RÉELS ET D'OBLIGATION (1879); *Nouvelle Classification des droits*, JOURNAL DE DROIT INTERNATIONAL PRIVÉ 565 (Clunet) (1883); Picard is especially known for his book *Le Droit Pur* (1899).

[91] EDMOND PICARD, LE DROIT PUR 120-21(1899).

[92] *Id.*

[93] *Id.*

the intellectual right, while clearly disassociating it from its embodiment.[94] He will be followed by Alcide Darras, in his writings on trademarks[95] and author's right.[96]

21. The "Immaterialgüterrecht" of Kohler. Josef Kohler, professor in Berlin and contemporary of Picard, had a big influence in Germany and abroad. In intellectual property, he will develop a theory close to the one of Picard.[97] The terminology of Kohler evolved, from the expression "ideal goods" ("idealgüter") to "rights on intangible assets" ("immaterialgüterrechte").

For Kohler, the legal relation created by intellectual property rights exists on a marketable value, the value of the creation of the mind, and not on the creation itself. In this, he departs from Picard. The right is not a right of property, nor a right real, because its object is intangible. However, Kohler considers the right on the intangible asset like a "brother right" of the property right. Also, he does not indicate clearly whether this right is situated outside of the classic tripartite division or not.

In author's right, Kohler will propose a theory known as *Doppelrecht*, or double right, which will be exposed in the following, and in which the "moral right," expression he challenges, exists in parallel with the author's right, but proceeds from a different source.

22. The Theory of the Intellectual Right in the 20th Century: Jean Dabin and the Specialists of Civil Law. The theory of the intellectual rights will meet with success, and is still widely adopted under French law. It owes its success less to specialists of intellectual property than to its adoption by authors of civil law.

A great civil lawyer, Jean Dabin, will give it its most detailed and original formulation in an article published in 1939.[98] For Dabin, the category of intellectual rights is a very broad category, which also includes manufacturing secrets and rights on civil and commercial practices. He considers that these rights have for immediate object an intellectual thing. However, two elements prevent an assimilation to property or rights real:

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[94] *See* RECHT, *supra* note 11, at 72.

[95] Alcide Darras, Des marques de fabrique et de commerce (doctoral thesis, Douai 1884).

[96] ALCIDE DARRAS, LES DROITS DES AUTEURS DANS LES RAPPORTS INTERNATIONAUX 47 (1887) and ALCIDE DARRAS, TRAITÉ THÉORIQUE ET PRATIQUE DE LA CONTREFAÇON (1895). But the author sees in author's right a double right, like Kolher (moral right not being a part of author's right).

[97] A controversy exists on the anteriority of the theory of Kohler on the one of Picard, although they are different on several points. According to Recht, Kohler exposed its theory first in 1875 in his manual *Das Patentenrecht*, at 76-77.

[98] Jean Dabin, *Les droits intellectuels comme catégorie juridique*, REVUE CRITIQUE DE LÉGISLATION ET DE JURISPRUDENCE 435-36, LIX (1939).

on the one hand, the fact that the intellectual things cannot be the object of a physical occupation[99]; on the other hand, the fact that the intellectual things, although having an objective existence, derive from a person, and that it is impossible to make abstraction of this origin (especially in author's right). Dabin is sometimes wrongly presented as one of the supporters of the monopoly theory: if he sometimes uses the word monopoly as synonym of exploitation right, it is clear that for him the intellectual right is directly on an intangible thing, and that it presents similarities with the right real.

The analysis of Dabin is interesting in that it clarifies the theory with regards to the moral right of authors. He first considers that it is illogical to exclude *a priori* the droit moral of the author (or the entire author's right) from the category of the intellectual right because of its extra-patrimonial nature. Thus, taking the example of the right real, he demonstrates that it is an error to assimilate rights in things or even property to patrimonial rights, "as if the idea of rights in thing was to suggest irresistibly pure patrimoniality"[100]; and the author gives as an example family souvenirs, of little value on the market but priceless for the family, or of certain categories of obligations such as obligations of cohabitation or assistance, which are moral, and not patrimonial, values. Thus, "the division deduced from the patrimonial character or not of the subjective rights can be cumulated, crossed with the division deduced from the object of the right . . . The unity lacking on the patrimonial side can perfectly be found on the side of the object of these various rights."[101]

He then criticizes the classification of the moral right within the category of the rights of personality by distinguishing the work, objective and external element, from the personality of its author. For Dabin a right of personality cannot have as object an element external to the human person.[102]

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99 *Id.* para. 31, at 444-45.

100 *Id.* at 418.

101 *Id.* at 419-20.

102 "It is an error to confuse entirely the person and his work. Once born, and outside any communication to the public, the work acquires an objective existence, distinct from the person of the author; it becomes a thing, a res," even if "this thing keeps with the one who created it a relation of dependence." *Id.* at 422-23. And the author adds that it would be necessary, in the interest of the truth and clarity of the law, to limit the right so of personality "to the sole prerogatives which are on the person herself, that is, the rights of the person on herself and its powers, and not to the rights of the person on the works which emanate from her." *Id.* at 424-25.

It is therefore a monist or unitary vision of author's right, an element of the category of intellectual rights. The reasoning of Dabin on the moral right echoes to the remarks of Jhering and Rigaud on the same point.[103]

The intellectual right theory will be adopted by certain specialists of intellectual property,[104] but mostly by authors of civil law. For example, it is expressed in the treatises of Messrs. Colin and Capitant,[105] Mazeaud,[106] Ghestin and Goubeaux[107] and in the manuals of Messrs. Flour and Aubert,[108] as well as in other works.[109]

23. Assessment. The main effect of the theory of intellectual rights is to create a third branch to the distinction of patrimonial rights in rights real and obligational rights. As a preliminary remark, it may be observed that this distinction exists in nearly all legal systems,[110] and constitutes what Henri Capitant called "one of the firmest principles of legal technique."[111] In order to preserve the coherence and clarity of legal concepts, one could expect that the revolution made by the institution of a new category be

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103 *See infra* n°s 41-42.

104 *See* EUGENE GAIRAL, LES OEUVRES D'ART ET LE DROIT 113-18 (1900); RENÉE HAINNEVILLE, LES DROITS DE L'AUTEUR SUR SON OEUVRE (1926); JEAN ESCARRA, JEAN RAULT & FRANCOIS HEPP, LA DOCTRINE FRANÇAISE DU DROIT D'AUTEUR (1937); CRISTEA, *supra* note 11, at 23 (who speaks of a "double right").

105 AMBROISE COLIN & HENRI CAPITANT, COURS ÉLÉMENTAIRES DE DROIT CIVIL FRANÇAIS 106 (2nd ed. 1919) (11th ed. by Julliot de la Morandière 1947), T. 1, para. 147. *See also* Henri Capitant, *Sur la nature des droits reels*, *in* MELANGES SURGIYAMA (1940).

106 LEON MAZEAUD & JEAN MAZEAUD, LEÇONS DE DROIT CIVIL (4th ed. 1967), by Michel de Juglard. *See* para. 170, at 203 intellectual rights form a specific category of rights, the fourth branch of a classification of rights. "One calls "literary property rights" the right of the author, the writer or the musician, "right of artistic property" the right of the painter or of the sculptor on his work, "industrial property right" the right of the inventor on his invention; one sometimes says that a trader and a notary is proprietor of his clientele. All these expressions are inexact, not only because a right real cannot apply to a tangible thing (one says "corporeal"), but because these rights do not always grant the same powers as the right of property."

107 JACQUES GHESTIN & GILLES GOUBEAUX, TRAITÉ DE DROIT CIVIL, *Introduction générale*, para. 215.

108 JACQUES FLOUR & JEAN-LUC AUBERT, LES OBLIGATIONS, T. 1, para. 19: "From the right real, the intellectual right differs in that its object is intangible; from the debt, in that it is more than a relation between two persons."

109 E.g., J. Derruppé, La nature juridique du droit du preneur à bail et la distinction des droits réels et des droits de créance, para. 259 (doctoral thesis, Toulouse 1951).

110 S. GINOSSAR, DROIT RÉEL, PROPRIÉTÉ ET CRÉANCE, ÉLABORATION D'UN SYSTÈME RATIONNEL DES DROITS PATRIMONIAUX para. 2, at 2 (1960).

111 REVUE TRIMESTRIELLE DE DROIT CIVIL 738 (1911). *See* RIGAUD, *supra* note 76, at 23-24.

justified by a fundamental difference, an irreducible character of the rights in question.

However, one sees that the theory is almost entirely based on the idea that rights real can only be on tangible things.[112] The problem is that this analysis, which relies (at least expressly with Picard) on Roman law, is contradicted by modern works on Roman law and property.[113] As a result, one could consider that its sole justification of the theory disappeared with the demonstration of modern Romanists and theoreticians of property,[114] and that the theory of the intellectual right is a survival of narrow and outdated conceptions of the law of goods. This, in fact, is the fundamental paradox of this theory: so modern by certain aspects (determination of the object of the right, explanation of moral rights, decision to create a new category of rights, for example), it is fundamentally archaic in its vision of property and right real.

3. *Intellectual Property as a Right of Clientele or Practice*

24. The Theory of the Rights of Clientele of Paul Roubier. Somewhat marginal, the theory of the rights of clientele was formulated by the great specialist of industrial property, Paul Roubier, in 1935.[115] Here it is how the author presents it:

> If we undertake to search for what is the economic utility of these rights, the answer is obvious: they all aim to the conquest of the clientele, either for an intangible asset (invention, work of art), or with the help of an intangible asset (mark, name, sign) . . . The rights which will appear during this process will have, therefore, for object to give a certain position vis-a-vis the clientele, to create it and to fix it as much as it may be acceptable in a regime of competition and economic freedom . . . This is why we propose to call these rights: right of practice, which corresponds to their content. Next to rights on things and obligational rights, these rights form a third category of patrimonial rights.[116]

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[112] *See infra* n°40.

[113] *See infra* n°40 *et seq.*

[114] *Id.*

[115] Paul Roubier, *Droits intellectuels ou droits de clientele*, REVUE TRIMESTRIELLE DE DROIT CIVIL 251 (1935); PAUL ROUBIER, LE DROIT DE LA PROPRIÉTÉ INDUSTRIELLE, T. 1, 86-87 (1952).

[116] ROUBIER, *supra* note 115, T. 1, para. 23.

To the notable exception of Desbois, who will adopt it in author's right for the pecuniary right,[117] the theory of Roubier will have only few followers.[118]

As pointed out, the objective of Roubier is less to define the nature of the right than to explain their function.[119]

In this respect, one can only adopt the opinion already expressed by Jean Dabin and some specialists of industrial property: the practice is not the object of the intellectual right. The patent right is on the invention susceptible to attract it, not on the clientele itself.[120] To reason otherwise would be confusing the function of the right and its nature.[121]

> If it is exact that the monopoly exists: 1° against competitors and more generally against third parties, bound to respect it, 2° vis à vis the clientele, which is, from an economic view point, the stake, it remains that, legally speaking, the object of the exploitation, the very object of the monopoly or of the invention is always the intellectual thing, work or invention, which the author or the inventor has alone the right to reproduce and from which, by reproduction, he has alone the right to pull the fruits.[122]

In fact, the right of clientele (as it exists under French law) is not strictly speaking a right on a clientele, but a right relating to a clientele. Besides, the clientele is a more pronounced fiction than the notion of work or invention, and is neither determined nor individualized. We should also add that, under French law, it is susceptible of becoming an object of property only by a decision of the legislator, intangible assets being in the civil code movables by determination of the law only.[123]

C. *The Theories Specific to Author's Right: Personalist and Dualist Theories*

25. The Birth of Theories Specific to Author's Right. The development of theories specific to author's right is closely associated to the progressive development by case law of the moral prerogatives of authors, and to the

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[117] *Id.* para. 262, at 303 (1950 ed.).

[118] *See, however,* PIERRE RAYNAUD, COURS DE DROIT CIVIL, LES COURS DE DROIT 150 (1ère année 1972-73) and MARCEL CRIONNET, LES DROITS INTELLECTUELS ET LES RÉGIMES MATRIMONIAUX EN DROIT FRANÇAIS 29 (1975); in trademark law, ALBERT CHAVANNE & JEAN-JACQUES BURST, DROIT DE LA PROPRIÉTÉ INDUSTRIELLE, *infra* note 212, para. 879.

[119] Strowel, *supra* note 9, para. 81, at 105.

[120] *See* JEAN MARC MOUSSERON, CONTRIBUTION À L'ANALYSE OBJECTIVE DU DROIT DU BREVETÉ D'INVENTION para. 245 (1969).

[121] *See* FOYER & VIVANT, *infra* note 212, at 264. *See also* n°43.

[122] Dabin, *supra* note 98.

[123] Civil Code, Art. 527.

formulation of the doctrine of the rights of personality. In this respect, one should remember that the moral prerogatives of the authors, as we know them nowadays, have been developed progressively by courts.[124] In France, the academic discussion on "moral rights" only began in 1872 with Morillot.[125] It will be about its existence and about the nature of author's right in general.

This last point will be discussed on the occasion of the debate on the fate of author's right at the termination of marriage. It is necessary to say some words on it, as it is fundamental to understand the success of the personalist theories.

26. The Controversy on Author's Right and Marital Property. Early in the 19th century, a problem arose under French law as to whether, under the various applicable marital regimes or arrangements, author's rights were marital property (part of community property), or whether they remained the separate property of the spouse-author after marriage. In this respect, the Civil Code contained provisions which proved difficult to construe: article 1401-1° of the Code provided that the community includes "all the *movables* which the married parties possessed at the day of the celebration of the marriage"; article 1498, on the regime of community confined to property acquired during marriage, provided that the partition of the community is limited to acquisitions made by the spouses together or separately during the marriage, including those "arising from their common *industry*."

Numerous authors underlined the inconveniences of the division of author's right which should normally result from a termination of marriage, in the case the author's right was marital property. As a consequence, they undertook to find a reasoning allowing the exclusion of author's right from the community.

The eminently personal character of author's right was generally the argument advanced in support of an exclusion from community. It was used by some supporters of the property right,[126] but it took more weight with the introduction of the personalist theories, which analyze the author's right as a whole as a "personal" right or as a right of personality. In 1880, the Court of Cassation, in the *Masson* decision,[127] will use the syllo-

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[124] STRÖMHOLM, *supra* note 11, Chap. II, at 117s, fixes the starting point of the evolution to 1814, date of the first judgement of the right of integrity. *Id.* at 181. Thereafter, a few decisions from lower judges will complete the construction, but which will be contradicted by others (*see, e.g.*, Paris Court of Appeals, 6 Apr. 1850, DALLOZ 1852, 2, at 159); The moral right developed in France really only from the second half of the 19th century.

[125] *See infra* n°29.

[126] E.g., POUILLET, *supra* note 46, para. 185s, or Thaller, *supra* note 85.

[127] 16 Aug. 1880, SIREY 1881, 27 (note Lyon-Caen, *supra* note 53).

gism founded on the article 1401-1° of the Civil Code and will decide that the rights on a published work fall in the community, like other movables. The case does not address the question of the moral prerogatives of the author. The converse solution was adopted by the Court of Appeal of Paris in the *Lecocq* case in 1900, where the Court held, in a matter of divorce, that the right on a musical work published by the husband during marriage remained the separate property of the author-spouse.[128] In reaching this decision, the Court relied on the "personal character" of the author's right as a whole. This decision was quashed by the Court of Cassation,[129] which will distinguish the patrimonial elements of author's right from the moral right, and decide that only the former can fall in the marital community. Accordingly, the Court seemed to adopt a dualist conception of author's right. It will take a decision to a similar effect in the *Canal* case, in 1945.[130]

The law of 1957 will exclude author's right from community property in its entirety.[131]

On the occasion of this debate two series of theories on the nature of author's right were proposed: the personalist theories (or monist theories) on the one hand (1), and the dualist theories, on the other hand (2).

1. The Personalist Theories

27. Presentation. The personalist theories see in the author's right a right of eminently personal nature. They will find in 19th century Germany and in 20th century France a theoretical support with the development of

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128 SIREY 1900, 2, at 121 (note Saleilles).

129 Court of Cassation, Civil Chamber, 25 June 1902, DALLOZ 1903, 5 note Colin; SIREY 1902, 305 (note Lyon-Caen).

130 Court of Cassation, Civil Chamber, 14 May 1945, DALLOZ 1945, note Desbois, which quashes Paris 23 Jan. 1938, DALLOZ HEBDOMADAIRE 1938, 186, which confirms Trib. civ. Seine, 1st Apr. 1936, DALLOZ PÉRIODIQUE 1936, 2, 65 note Nast, GAZETTE DU PALAIS 1936, 1, 791, concl. Gavalda.

131 In its article 25 (now article L. 121-9 of the CPI), which provides: "Whatever the marriage arrangements and under the sanction of nullity of any clause to the contrary contained in a marriage contract, the right to disclose a work, to lay down the conditions for exploiting it and for defending its integrity shall remain vested in the spouse who is the author or in the spouse to whom such rights have been transmitted. This right may not be brought in dowry nor acquired as community property nor subsequently acquired as community property.

The monetary proceeds resulting from the exploitation of a work of the mind or from the total or partial assignment of the right of exploitation shall be subject to the general rules of law applicable to marriage arrangements only if acquired during the marriage; the same shall apply to savings made on such account . . .." (WIPO translation).

the theory of the rights of personality. However, they have an older source, and a strong philosophical basis.

28. The Philosophical Basis: Kant. Kant is often presented as a precursor of the moral right.[132] In fact, his argumentation, exposed in 1785 and 1797 on the subject of counterfeiting,[133] throws the necessary philosophical basis for a development of the theory. Kant considers the book as a speech of the author addressed to the public.[134] In his system, the publisher is only a mediator who acts in the name of the author, under an untransferable mandate. The author has an untransferable right (*jus personalissimum*) to speak in his proper name through the intermediary of another.

If the system of Kant affirms the author's mastery on his "speech," and this, even after alienation of the work, Mr. Strömholm showed that Kant did not express a theory of the right of the personality or of the moral right strictly speaking. One will also note that Kant, like most personalists in the following century, does not clearly perceive the work as an intangible thing, distinct from its author. The author's right is not on a thing, but constitutes an innate right, the untransferable right of a person to express himself.

The influence of Kant seems to have been limited in France.[135] It was, of course, very important in Germany.

29. First Applications in France: Bertauld and Morillot. The first personalist theories were exposed in France when the doctrine of the right of personality was still embryonic.[136] The first to express such a theory was

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[132] On Kant's theories, see STRÖMHOLM, *supra* note 11, at 30s; THULLIEZ, *supra* note 37, at 97s, ALOIS TROLLER, RÉFLEXIONS SUR L'URHEBERPERSÖNLICHKEITSRECHT (1960), and Strowel, *supra* note 9, n°75, at 98.

[133] IMMANUEL KANT, *Von der Unrechtmässigkeit des Büchernardruckes*, BERLINISCHE MONATSCHRIFT 5 (1785) and METAPHYSISCHE ANFANGSGRÜNDE DER RECHTSLEHRE (1797).

[134] "A book, regarded from one point of view, is an external product of mechanical art (opus mechanicum), that can be imitated by anyone who may be in rightful possession of a copy; and it is therefore his by a real right. But, from another point of view, a book is not merely an external thing, but is a discourse of the publisher to the public, and he is only entitled to do this publicly under the mandate of the author (*praestatio operae*); and this constitutes a personal right. The error underlying the impression referred to, therefore, arises from an interchange and confusion of these two kinds of rights in relation to books." THE SCIENCE OF RIGHT 31, II (What is a book?), (W. Hastie trans.).

[135] Where, it is true, the moral right was already recognized by case law in a system dominated by the idea of literary property. However, Kant will be quoted by Renouard and Morillot.

[136] The expression is introduced by E-H. Perreau in 1909 in *Des droits de la personnalité*, REVUE TRIMESTRIELLE DE DROIT CIVIL 501s. Beforehand, certain French authors developed the neighboring notion of "innate rights"

Alfred Bertauld, in 1869.[137] In his book, *Questions pratiques et doctrinales du Code Napoléon*, he affirms:

> there are some rights which do not have any character of reality, which are not even on appropriable things, which are absolute and which do not need any special auxiliary to be respected. Such are the rights of the nationality, family's rights, father's rights, rights of spouse, of son; they exist vis à vis the whole society. It is in the family of the rights which are absolute, without addressing directly to goods, that we would classify the right for the authors or their representatives to reproduce their works.[138]

At the basis of the reasoning of Bertauld, one finds again the idea that the right of property cannot be on a creation of mind, but this time because the creation of the mind is inseparable from the person:

> The man . . . is not at the same time man and thing, subject and object, active and passive being, sovereign and slave, and the link he creates between him and matter is not to be created between different parts of himself.[139]

He further adds:

> the intellectual domain, the field of the thought are only abstractions. . . . Ideas detached from the form they took are part of the man who conceived them.[140]

In the system of Bertauld, "infringement is not an attack to the goods of authors, to their patrimony; it is an attack to their person, to their liberty."[141] However, Bertauld writes that the reproduction right is transferable, without giving more precision.[142] He adds that upon death, the right changes and becomes a pecuniary right.[143] But this does not transform the author's right in a right real after the death of the author: the right of the author's heirs on his works are what he calls *"absolute personal rights,"*

(*droits innés*). *See* EMILE J. BEAUSSIRE, LES PRINCIPES DU DROIT (1988) and ALPHONSE B. BOISTEL, COURS DE PHILOSOPHIE DU DROIT (1889), *quoted in* BERNARD BEIGNIER, LES DROITS DE LA PERSONNALITÉ 47 (1992).

137 ALFRED BERTAULD, QUESTIONS PRATIQUES ET DOCTRINALES DU CODE NAPOLÉON (1869).

138 *Id.* at 183.

139 *Id.* at 184, 203-04.

140 *Id.* at 185.

141 *Id.* at 204.

142 *Id.* at 183.

143 *Id.* at 205. This reasoning is based on equity and on a presumption of intent of the author, which explains for example that the heirs cannot destroy the work. Bertauld also endorses the opinion that after the death of the author the right "becomes as much a social right as a right personal to the author."

which unite according to his expression the rights which are absolute without addressing directly to goods.

The ideas of Bertauld will be adopted some years later by André-Paul Morillot,[144] which passes as the inventor of the term "moral right."[145] Morillot exposed his theory in an article published in 1872. In this article, Morillot first rejects property theories. According to him, the author cannot be owner of his work, "that is, of the intellectual abilities that have permitted him to create it."[146] This difficulty to appreciate the work as an objective entity distinct from its author, which is characteristic of most personalists theories, leads him to consider that the so-called right real or property has no object, as man cannot be holder and object of a right at the same time.[147]

However, although one cannot be owner of his own person, one can protect it against external attacks. Therefore infringement is not an attack on the integrity of the patrimony, but an attack to the person's integrity, of which the right to publish constitutes a natural attribute. For Morillot, here is the source of the legal protection.

It must be noted that Morillot does not base the author's right on natural law, but on the sole positive law. He is in favor of the impossibility to seize the prerogatives, even patrimonial, of the author, as well as of the impossibility of a total assignment of the monopoly.[148]

30. Gierke and the Objective Conception of the Work. At this stage we need to say some words of the theory of the great German jurist Otto von Gierke, although it does not seem to have been received by French legal authors. The theory of Gierke probably presents the highest degree of evolution of the personalist theories.

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144 ANDRÉ-PAUL MORILLOT *De la personnalité du droit de publication qui appartient à un auteur vivant*, REVUE CRITIQUE DE LÉGISLATION 29 (1872); DE LA PROTECTION ACCORDÉE AUX OEUVRES D'ART, AUX PHOTOGRAPHIES, AUX DESSINS ET MODÈLES INDUSTRIELS ET AUX BREVETS D'INVENTION EN ALLEMAGNE (1878). In this second book, Morillot adopts a more dualist vision of author's right.

145 *See* RECHT, *supra* note 11, at 56.

146 *Id.* at 32.

147 "To be proprietor of a literary work, would be being both man and thing, subject and object of a pecuniary right, holder of a legal relation of which the two terms would be the same person. Once down this track, any man would be, by the sole fact and as of his birth, proprietor of one thing which would be himself." *Id.* at 33.

148 "This right is neither assignable, nor attachable, nor pecuniary; but it may become so, from the day the author, waiving authority on his work, lets the latter fall into commerce and causes it to enter the patrimony." According to Morillot, this act "transforms the author's right and the status of the works, and metamorphoses a moral right into a pecuniary value." *Id.* at 38.

Gierke, famous for his theories of the right of personality,[149] will become the leader of the personalist theory in Germany from the year 1880. According to him, the author's right as a whole is a right of personality or, rather, an *"eminently personal right."* But where in the personalist theories of his predecessors in Germany and in France the work of the author is not always clearly conceived as an objective element, separated from the author's person, Gierke is the first to reconcile the personalist vision with a modern conception of the object of author's right.[150] In his eminently personalist system, he manages indeed to consider the author's right as a right of personality, while not ignoring the existence of an intangible thing constituted by the creation, object of the intellectual right. In addition, Gierke admits the possibility of a right real on an intangible thing. For Gierke, the object of a right real is an intangible thing only if it can be perceived as an external, impersonal good, perceivable in itself when separated from the person. But the object of the personality right can also be in total or in part an intangible thing. He admits, however, that as a result of his conception, the frontier between the two categories of rights can sometimes be blurred:

> until what degree the objective independence of these intangible goods must be recognized (opposite the personality), it is there a question that must be decided by the substantive law and that didn't receive an identical solution everywhere.[151]

It must be specified that, in spite of this interesting distinction, the BGB will expressly refuse the possibility of an intangible property,[152] thus opening the way for the development and adoption of personalist theories.

According to Gierke, the rights of personality are in principle inalienable. However, he admits the possibility to assign to a third party the exercise, or even the substance, of certain of them, completely or partially.[153]

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149 OTTO VON GIERKE, DEUTSCHES PRIVATRECHT (1895). Gierke defends a theory of the rights to one's personality, a right which ensure the enjoyment of a personal good or the exercise of a personal prerogative vis à vis third parties (*see* STRÖMHOLM, *supra* note 11, para. 69b, at 316) and a theory of a general right of personality, fundamental subjective right from which all other rights derive. If certain specific rights of personality have been consecrated in the BGB or deduced from certain of its provisions, case law refused for a long time the existence of a general right of personality, before it was consecrated by a decision of the Bundesgerichtshof in 1954.

150 *See* TROLLER, *supra* note 132, at 304 *et seq.*, and RECHT, *supra* note 11, at 82-87.

151 Quoted by RIGAUD, *supra* note 76, at 399-400.

152 BGB § 90. *See* n°40 *infra*.

153 VON GIERKE, *supra* note 149, at 708, *quoted in* TROLLER, *supra* note 132, at 305.

The theory of Gierke is especially synthetic and flexible; some rights of personality are susceptible to be on intangible elements external to the person; others are sometimes transferable; others are *"at the same time patrimonial rights"*[154]; others expire before the death of their holder and can be waived.[155] This broad conception prompted this reproach addressed by Kohler:

> Gierke gives too much importance to the personality right; this one ends up dominating the whole of the legal order; with his theory, nearly any right becomes a right of personality.[156]

31. French Personalists from the Beginning of the 20th Century. In France, a famous civil lawyer, Raymond Saleilles, who was probably on this point influenced by German authors, developed a personalist analysis of author's right in his note under the decision of the Court of Appeal of Paris in the *Lecocq* case.[157] About the work, he affirms:

> since this intangible asset is in fact only the manifestation of the individual thought or genius, it is necessary to admit . . . that there is here, above all, a right which embodies a prerogative of the personality itself, like the right to honor, the right to freedom or the right to one's name.

For Saleilles, before publication, the produced work remains under the control of the author, who remains master of the manifestations of his thought. But once published, it does not lose all personal character. Certainly, it is not a pure right of the personality, as Gierke pretended it, and this right remains assignable and transferable *mortis causa*. The work is in an intermediate situation:

> The author, while delivering his work to publicity, is still here, living and master of his thought, retaining the right to stop all new publication, to suppress, as long as he has not assigned his right, all external manifestation that would be given, the right to modify his work and to change it entirely. In short, the work under publication, as long as the author lives, is still a thought under production, it is an always acting emanation of the individual's creative ability; but, at the same time, this thought which develops itself . . . has been considered by him as having a legal value, as constituting a tangible good susceptible of right and generator of profit.

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154 *See* TROLLER, *supra* note 132.

155 *Id.*

156 JOSEF KOHLER, URHEBERRECHT AN SCHRIFTWERKEN UND VERLAGSRECHT 4 (1907), *quoted in* TROLLER, *supra* note 132, at 306.

157 Note at SIREY 1900, 2, 121.

Saleilles then distinguishes in the author's right, which he characterizes as "mixed," the personal element connected "to the right of the personality and to the individual's untransferable freedom," and the patrimonial element which "remains subordinate and bound to his personal freedom of action." His theory, however, remains monist.

These monist personalist theories, apparently contradicted by decision of the Court of Cassation in the *Lecocq* case, will meet with success until the year 1910. One can quote Ambroise Colin,[158] who insists on the fact that the work is not the product of the intellectual work of the author, but this work itself. For Colin, the distinction moral right/pecuniary right does not have to be, as both rights are merged. One will still find some monographs to defend similar theories immediately after the *Lecocq* decision.[159]

The legal doctrine prior to the law of 1957 is well represented by Marcel Nast, quoted by Desbois in his treatise[160] and more recently by Mr. Gautier in his manual.[161] His study, like the ones of the majority of the personalists, is made in the context of the debate on copyright and marital property, which was already exposed.

The author rejects the argument drawn from the incorporation of the author's right in the marital community confined to goods acquired during marriage, on the ground that the works of mind are not "products of the industry" of the spouse-author under article 1498 of the French Civil Code law. These products are according to Nast the proceeds from the exploitation of the work, not the work itself. He affirms that the works "are nothing else than the author's thought itself, or the expression of his intellectual activity, in the same way as the worker's manipulations are the exercise of his manual activity. They are, if one can say, the intellectual industry itself, and not the products of this industry."

Nast also rejects an incorporation of the author's right in the marital community on the basis of article 1401 of the Civil Code, on the ground

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158 Note at DALLOZ 1903, 1.5.

159 LÉON BERARD, DU CARACTÈRE PERSONNEL DE CERTAINS DROITS DANS LES RÉGIMES DE LA COMMUNAUTÉ 40-65 (1903). The author denies the existence of a pecuniary right, which derives, according to him, not from the law, but from the exploitation agreement. This right exists only as a manifestation of the author's right, of which the moral right is the essence. "Author's right is a legal entity, indivisible, susceptible of transactions, but essentially personal." PIERRE MASSÉ, LE DROIT MORAL DE L'AUTEUR SUR SON OEUVRE (1906); MAURICE PALMADE, LA PROPRIÉTÉ LITTÉRAIRE ET LES RÉGIMES MATRIMONIAUX (1909).

160 Note under Trib. civ. Seine 1st Apr. 1936, DALLOZ 1936.2.68. And before him J. Sfetea, De la nature personnelle du droit d'auteur (doctoral thesis, Paris 1923).

161 *See* note 164 *infra*.

that the author's work, "extension of his personality," is outside commerce, and cannot be considered as a movable. Only debts are movables, and would fall into the community. And even if the work was a movable, its marked personal character would exclude it from this community.

Nast then adds that the so-called monopoly of exploitation is only the moral right itself. He infers from this in particular the right for the author to decide, in spite of a publication, other editions, reproductions or representation of the work. In that, he follows the opinion of Saleilles for which the work was always under publication, and the solution of Thaller. It is a solution which is close, at least in its results, to inalienability.

One will note that the government copyright bill of August 13, 1936[162] provided that copyright was "attached to the person and inalienable."

Another famous jurist, René Savatier, proposed an attenuated form of the personalist theory in his manual on literary property in 1953.[163] For the author, the moral right, attribute of the person, is *extra patrimonium*. The pecuniary right proceeds directly from the moral right. It is by the contract, a legal transaction, that the artist will give a monetary value to the art, i.e., will "patrimonize" it. This is a *"pecuniary mutation of his moral right,"* and not a creation of a new right.

The personalist theory, which disappeared in France after the law of 1957, was adopted lately by M. Gautier in his manual of literary and artistic property.[164] For the latter, who quotes Marcel Nast, the author's right is mainly a right of extra-patrimonial nature. He adopts a monist theory, in which the pecuniary right proceeds from the moral right.

32. The German Monist Theory. A variant of the personalist theory, generally called "monist theory" is adopted in Germany by legal authors. The copyright is seen as a unitary right composed at the same time of moral and pecuniary elements. The moral element is not a right of personality but part of a unitary right. Professor Ulmer is one of its most famous advocates. This monist conception, adopted by case law, is consecrated in the German law of 1965, whose Article 11 provides:

> Copyright shall protect the author with respect to his intellectual and personal relationship with his work, and also with respect to utilization of his work.[165]

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[162] Official Journal of 14 Aug. 1936.

[163] RENÉ SAVATIER, LE DROIT DE L'ART ET DES LETTRES (Les travaux des muses dans les balances de la justice 1953). He will propose a slightly modified version of his theory in LES MÉTAMORPHOSES ÉCONOMIQUES ET SOCIALES DU DROIT PRIVÉ D'AUJOURD'HUI (3rd ed. 1964).

[164] PIERRE YVES GAUTIER, PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE para. 13s, at 26s (PUF, Droit fondamental, 1st ed.) (3rd ed. 1999).

[165] WIPO translation

The adoption of the monistic theory also explain the inalienability of author's right under German law:

> The particular thrust of [German law governing copyright transfers] can only be understood against the background of the so-called "monistic" theory of German copyright. According to this concept, copyright as a whole, that is, author's right, safeguards both the financial and the personal or intellectual interest of an author. Thus, the author's economic right of exploitation may serve his personal or intellectual interests as well, and his moral right may also serve his financial interests. . . . As a consequence of this monistic concept, German author's right, even in the narrow sense of economic copyright, cannot be entirely alienated. . . . German copyright law does not recognise the complete or even partial assignment of copyright, but rather the contractual granting of "rights of use."[166]

Article 29 of the German Copyright Act states that copyright may be transferred *mortis causa* but shall not otherwise be transferable, and article 31(1) provides that the author may grant a right to another to *use the work* in a particular manner or in any manner. Austrian law seems to adopt the same theory and language.

This inalienability is a specificity of German and German law influenced legal systems, and is in strong contrast with the law in other author's right countries.

2. *The Dualist Theories and the Theories of the Double Right*

33. Presentation. These theories separate the economic from the moral prerogatives of author's right. These two series of prerogatives are of a different legal nature, and exist either in parallel and independently ("double right," but this terminology is not fixed) or within a single right ("dualist"). We will use the term "dualist" as a generic term for these theories.

34. The "Doppelrecht" of Kohler. The theory of the "Doppelrecht" of Kohler consists in the affirmation of the parallelism of two categories of different rights, completing one the other: a bundle of pecuniary prerogatives belonging to the "Immaterialgüterrecht," already described,[167] and a bundle of moral prerogatives connected to the category of personal rights (i.e., rights of personality).[168] In the system of Kohler, the moral preroga-

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166 Adolf Dietz, *in* MELVILLE B. NIMMER & DAVID GELLER, INTERNATIONAL COPYRIGHT LAW AND PRACTICE, Germany § 4[2].

167 *See* n°21 *supra*.

168 RECHT, *supra* note 11, at 80.

tives do not come from the author's right, but constitute a body of prerogatives parallel to the *sui generis* pecuniary right.

35. Legal Authors in France from the *Lecocq* Decision. The decision of the Court of Cassation in the *Lecocq* case is usually said to mark the beginning of the dualist theory in France.

A characteristic of the dualist analysis is that it concentrates more on the relations between the pecuniary right and the moral right, their respective importance, the possible predominance of one or the other, than on their respective nature and their place in the classification of rights.

Besides, if authors agree to see in the moral right a right of personality, opinions diverge concerning the patrimonial right: some do not decide on its nature, others consider it as a right of property, a right real, or an intellectual right; Desbois himself analyzed it as a right of clientele.

Charles Lyon-Caen, in his note under the decision of the Court of Cassation in the *Lecocq* case, will develop the theory, which he names theory of the double right.[169] After him, it will be adopted by the majority of specialized authors,[170] and reinforced under the influence of Desbois before and after the adoption of the law of 1957.

36. The Influence of Henri Desbois. In the 1950 edition of his treatise on author's right, which also comments on the government bill which prepared the reform of 1957, Henri Desbois defines the dualist theory as follows:

> From the moment the author decides to publish his work, a patrimonial right appears and lives independently, because the very fact of publication gives to the writer and the artist the possibility to undertake a pecuniary exploitation, through reproduction or performance, as the case may be. Such is the principle of the dualist conception in which the pecuniary and moral prerogatives develop themselves separately, not without the second sometimes limiting the course of the first, so that the author's spiritual interests are safeguarded.[171]

According to the author, this theory explains the positive law since the decision of the Cour de Cassation in the *Lecocq* case, confirmed in 1945 in the *Canal* case.

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[169] For Lyon-Caen, the pecuniary right must prevail.

[170] *See, e.g.*, P. BRUN, LE DROIT D'AUTEUR SOUS LES RÉGIMES MATRIMONIAUX 62-65 (1911); ERNEST ROTHLISBERGER, DU DROIT DES AUTEURS (1912); EDOUARD SILZ, LA NOTION JURIDIQUE DE DROIT MORAL DE L'AUTEUR, SON FONDEMENT, SES LIMITES, T. II, at 333s (1933); ROGER NERSON, LES DROITS EXTRA PATRIMONIAUX 210-59 (1939).

[171] HENRI DESBOIS, LE DROIT D'AUTEUR EN FRANCE para. 222, at 264 (1950).

In this dualist perspective, Desbois then defines the place of the author's right in the patrimony. At this occasion, he rejects both the property and personalist theories.

In fact, he gets rid quite quickly of the property theories, by noting that the temporary character of the reproduction or performing right suffices to distinguish it from a property.[172] He adds that if the author has the *abusus* and the *fructus* of the work, he does not have the *usus*, that is, the exclusive use of the work.[173]

He also condemns the excesses of the personalist theory, which, according to him "denies all reality to the monopoly and refuses the access of the exclusive right to the patrimony."[174] He also points out its unwelcome consequences, like the inalienability and the impossibility to seize the monopoly.[175] More generally, he considers that its rests on a *petitio principii*, since the monopoly cannot be reduced to a simple consequence of the moral right.[176] He also criticizes the rejection of the existence of an intellectual thing, and the opinion which assimilates the work to the very thought of the author, or to his industry, and not to the products of this industry. He finally affirms the patrimonial status of the work after publication:

> The creation gave to the work the intellectual life; the publication achieves the introduction of it in the sphere of patrimonial values, because, henceforth, the work will be suitable to the conclusion of contracts, having become an economic good.[177]

He adopts for the pecuniary right the theory of the rights of practice of Roubier. Accordingly, the dualist analysis of Desbois treats the pecuniary right like a right of practice and the moral right like a right of personality.

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172 *Id.* para. 233, at 274.

173 *Id.* para. 232, at 274.

174 *Id.* para. 223, at 264.

175 *Id.* para. 236, at 276-77.

176 "The protection of the moral interests and the satisfaction of interests of a patrimonial nature represent two objects, that reason and experience can dissociate. One can conceive a regime, in which all publication or performance would be subject on a strict moral point of view to the consent of the author; but publication would not give rise to remuneration. In addition, moral and pecuniary interests have distinct application fields. If the moral and the pecuniary damages coexist in most cases, the simultaneity is not constant" (*Id.* at 278).

177 *Id.* para. 240, at 280-81.

Desbois sees the consecration of his theory in case law and in the French government bill. The theory will continue to gain new supporters, in France and abroad, before the adoption of the law of 1957.[178]

37. The Law of 1957, Consecration of the Dualist Doctrine According to Desbois. The law of 1957 will finally give to author's right specialists a legal text to interpret. Desbois, whose treatise had a big influence on the preparatory works, will see in the text of the law of 1957 (as before in the government bill) the consecration of his dualist conception.

First, the author is not impressed by the use of the term "intangible property" in the Act, which he holds for a mistake.[179] He sees the adoption of a dualist theory in article 1, paragraph 2 of the Act (now article L. 111-1 al 2 of the Intellectual Property Code) which provides that the right of incorporeal property of the author "comprises attributes of intellectual and moral nature, as well as attributes of patrimonial nature."[180]

He then insists on the superiority granted to the moral right over economic rights in the Act. He first sees it in article 2,[181] which lists the "attributes of intellectual and moral nature" before those "of patrimonial nature."[182] He then relies on the introduction of a moral right of withdrawal of a work from the commerce of article 32, paragraph 1.[183] He also sees the predominance of the moral right in the right of access of article

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178 *See* ANDRE FRANÇON, LA PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE EN GRANDE-BRETAGNE ET AUX ETATS-UNIS (1955).

179 The introduction (*exposé des motifs*) to the Law analyzes the author's right as being "of an ambiguous nature. It is an incorporeal property right which does not fit exactly in the category of obligational rights, and in the one of rights real" (Assemblée Nationale, 2ème législature, session de 1954, annexe au procès verbal de la séance du 9 juin 1954, *in* RIDA, Oct. 54, V, at 151, and quoted by Strowel, *supra* note 9, para. 83, at 108). *See, however*, the reasoning developed by Mr. Lerebours-Pigeonnière during the preparatory works for the avant-projet of the Société d'Etudes Législatives, in order to justify the use of the term "propriété" in its text: "appropriation alone, that is the direct relation between the holder and the object of the right, is characteristic of property. The completeness of powers is an attribute of the corporeal property in the civil code, it is not a postulate of property. Such is the observation which guides and justifies the terminology of the avant-projet of the Société d'Etudes Législatives. Nobody denies that, in the actual state of our common law, the author possesses a direct right on his work without the intermediary of a given debtor. Therefore, the author's right is, following the general technique of civil law, a right enforceable erga omnes (or absolute right), and it can exist on a work of mind only as one author's right (exclusive right). These are the only two essential characters of property. This is what acknowledges article 1 of the project of the commission."

180 Para. 217, at 245 (1966 ed.).

181 L. 112-1 of the CPI.

182 Para. 218, at 246 (1966 ed.).

183 L. 121-4.

29, paragraph 3.[184] He finally sees it in the exclusion of the author's right from the marital community operated by article 25.[185]

For the rest, his reasoning remains the same as the one expressed in the edition of 1950.

38. The Influence of Desbois. Under the influence of Desbois, the dualist theory remains widespread among contemporary French legal authors,[186] although very few accept the analysis of the pecuniary right as a right of clientele. The moral right is seen as a right of personality, and rather as a *sui generis* right of personality. In case law, several decisions of lower courts have endorsed this analysis of the droit moral,[187] but the Court of Cassation seems to hesitate.[188]

II. NEW PROPERTY THEORIES

We will see that it is both a conception of the droit réel influenced by the paradigm of property and a too narrow and falsely technical conception of the property which were at the origin of the crea-

184 L. 111-3.

185 L. 121-9.

186 E.g., GERARD GAVIN, LE DROIT MORAL DE L'AUTEUR (1960); MARIE CLAUDE DOCK, ETUDE SUR LE DROIT D'AUTEUR (1963); ALAIN LE TARNEC, MANUEL DE PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE (2nd ed. 1966); PIERRE KAYSER, LES DROITS DE LA PERSONNALITÉ, ASPECTS THÉORIQUES ET PRATIQUES 30 *et seq.* (1971); ANDRE FRANÇON, LA PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE (2nd ed. 1979); *see also* COURS DE PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE (Paris, les cours de droit 1989); ROBERT PLAISANT, PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE 1-14 (1985); ROLAND DUMAS, LA PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE 17-18 (PUF collection Themis 1987), and many others.

187 *See, e.g.*, Paris Court of Appeal, 1st Feb. 1989 (Anne Bragance), RIDA no. 4 (1989). Note Sirinelli; DALLOZ 1990, Somm at 52 obs. Colombet; JOURNAL DU DROIT INTERNATIONAL 1005 (1989). Note Edelman; Trib. Paris 11 Feb. 1993, RIDA, no. 2, at 235 (1993).

188 In a decision of 1993, the Court of Cassation held that "the moral right of the author of literary works is only the right to cause others to respect either the integrity of his works, or his name and his quality as author of these, but is entirely foreign to the defense of the other rights of personality protected by the law." Court of Cassation 10 mars 1993, LA SEMAINE JURIDIQUE, II, 22161 (1993), note Raynard; DALLOZ 1994, at 78 note Françon. In his comment, M. Raynard sees in the case the rejection of a characterization as right of personality. But note the "*other rights* of personality." Against the construction of Mr. Raynard, see Françon, note to DALLOZ 1994, above, and Frédéric Pollaud-Dullian, *Droits moral et droits de la personnalité*, LA SEMAINE JURIDIQUE, I, 3780 (1994).

tion by the doctrine of the categories of the intellectual rights and of the rights of personality.[189]

39. The Two Fundamental Obstacles to the Property Theory: The Classic Theory of Property and the Systematization of the Moral Right. From the end of the 19th century, partisans of the property theory met with two fundamental obstacles.

On the one hand, the classic theory of goods, as developed by the commentators of the Civil Code and the pandectists.

On the other hand, the systematization of the moral right of the author and the development of the category of the rights of personality.

As a result, the debate on the nature of intellectual property will take in the 20th century a more technical aspect. It will be about demonstrating (a) that a right real can have an intangible thing, the creation of the mind, as object, and (b) that in author's right the concepts of property and right real can explain the moral prerogatives of the author, as well as or better than the theory of the rights of personality.

A. Intellectual Property Revisited

40. The Axiom of the Classic Theory of Goods: Rights Cannot Be on Intangible Things. A tenacious civilist theory teaches that a right real can only be on a tangible thing.[190] It was consecrated in German BGB, whose article 90 provides that "things in the sense of the law are only physical objects." This theory provides a major obstacle to a theory of intellectual property, and explains alone the existence of theories such as the theory of intellectual rights.

Modern Romanists have demonstrated that this conception comes from a wrong construction of the distinction between *res corporales* and *incorporales* in Roman law. For the Romans, the distinction opposes the

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189 F. Zénati, Essai sur la nature juridique de la propriété 8 (doctoral thesis, Lyon 1981).

190 E.g., CHARLES AUBRY & CHARLES RAU, COURS DE DROIT CIVIL para. 190 (4th ed. 1869); CHARLES DEMOLOMBE, COURS DE CODE NAPOLEON, T. IX, para. 538-40; R. Capitant, *Sur la nature des droits réels*, *in* MÉLANGES SUGIYAMA 29s (1940); CHARLES BEUDANT & PIERRE VOIRIN, COURS DE DROIT CIVIL FRANÇAIS, T. IV, para. 158 (2nd ed. 1938); MARCEL PLANIOL, TRAITÉ ELEMENTAIRE, T. I, para. 1257 (1915); HENRI MAZEAUD ET AL., LEÇONS DE DROIT CIVIL para. 170, at 203 (4th ed. by De Juglart 1967); PHILIPPE MALAURIE & LAURENT AYNÈS, LES BIENS ex para. 207 (1990); FRANCOIS TERRÉ & PHILIPPE SIMLER, LES BIENS para. 35 (4th ed. 1992); JACQUES GHESTIN & GILLES GOUBEAUX, TRAITÉ, Introduction générale para. 215; etc. However, the majority underline the analogy between intellectual rights and rights real. Accordingly, it is often the sole obstacle to a qualification as right real. *See on this point* F. Zénati, *supra* note 189, para. 34s, at 58s.

material objects, on the one hand, and the rights (*jura*), on the other hand. But for the School, this distinction is interpreted as an opposition between the rights, the only intangible things, and their object, the tangible things. From there a right real (and by way of consequence, property, considered as a right real) could not have as its object an intangible thing, and in particular another right. Provisions of the Civil Code were construed accordingly.

However, this interpretation is false. Although nothing permits to affirm that the creations of the mind were considered under Roman law as intangible things, distinct from their embodiment, and objects of rights,[191] it is clear that Romans admitted that a right could have as object another right, i.e., an intangible thing.[192]

In the same way, proponents of new property theories will outline the existence in the French Civil Code of a significant number of articles suggesting that rights may be the object of real rights, as curious as it can seem in the context of the classic theory.[193]

It is a characteristic of these new property theories to take advantage of this new research on Roman and civil law.

41. The Precursor, Jhering. The first author to have introduced in France a modern theory of intellectual property is Rudolph von Jher-

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191 *See* Dock, *supra* note 11.

192 *See* the bibliography quoted by F. Zénati, *Pour une rénovation de la théorie de la propriété*, Revue Trimestrielle de Droit Civil 307, para. 9 (1993). *See also* doctoral thesis, *supra* note 189, para. 165s, at 227s, and the authors cited in the following. For example, Romans instituted the *possessio juris* (and more generally the idea of a dominium of a right). And if the possession is the ancestor of property, how can one refuse this fundamental faculty to its direct descendant? (*See* the remarks of Jhering, *infra* note 196, n°41). In an even clearer manner, in the *usufructus nominis*, a debt is the object of a right real of usufruct (e.g., Ulp., D. 7, 5, 3. *See* Bruno Schmidlin & Carlo Augusto Cannata, Droit privé romain, T. I, 201-03 (1984). One could multiply the examples, which have been reproduced learnedly elsewhere (for more radical examples of dominium of rights *(dominium usufructus; dominium hereditatis)*, *see* Zénati, thesis, *supra* note 189, paras. 166-167.

193 F. Zénati, *supra* note 189: e.g., articles 588 and 597 (possibility of an usufruct of a life annuity (*rente viagère*) or a right accessory to property); articles 1609 *et seq.*, on the assignment of debts, article 1607 on the specific mode of delivery of incorporeal rights in sales agreements; articles 1980, 1982 and 1983 which speak of the property of a life annuity; article 2075 on the pledge of debts and other incorporeal movables; article 2118 on the possibility to create a mortgage on an usufruct; article 2181, concerning the satisfaction of mortgage, which indicates that real property applies on immovables by nature and on immovable rights real. One can add article 711 of the Code, which uses the expression "property of goods," without further distinction.

ing.[194] His influence can be felt among those authors of civil law who will study several years later the question of the right real and its application to intangible things.[195]

In his work *Actio Injuriarum*, published in France in 1888,[196] Jhering studies the use of expressions like "literary" property, or "property of a debt," which he considers as "the most concise and most exact."[197] To those who think that the right of property can only exist on a tangible thing, Jhering demonstrates that Roman law permits the dematerialization of rights on things, that is, a model of the type "right on right" ("property of a right"), or right on a non-physical thing (" property of a creation of the mind"). In a general manner, he first demonstrates how, historically, the Roman law passed from a tangible conception of things to an intangible spiritualistic conception, which places the *res incorporalis* on the same line as the *res corporalis*. He demonstrates, like others after him, that under Roman law the notions and words created for the *res incorporalis* were then, whenever possible, extended to rights:

> Hence the notion of *habere*, shaped for the sale of a thing, extends to the sale of debts, of deceased estate, of the usufruct . . .The notion of *jus in re*, itself, is transported from the thing to the rights; the possessory lien and the usufruct are extended to debts and to whole patrimonies.
>
> The last limit reached in this way by Roman law is the extension of the notion of possession, from things (*corporalis possessio*) to rights (*juris possessio*); because if there is a notion based on perceptible exteriority, it is well the one of the possession.
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> These explanations serve to justify, by the example of Roman jurists, the extension of the notion of property, from the things to the rights. If these jurists do not feel any scruple to transpose the perceptible ideas of the old law: *habere licere* and *pignori dare*, to debts, and the notion of *possessio* to servitude, if they do not fear to undermine the clarity of the legal concepts, why couldn't we act in the same way for the notion of property? The *juris possessio* is not closer to the *corporis possessio*, than intellectual property . . . is to perceptible property. On the contrary, it is farther,

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194 Himself apparently following German authors like OTTO STOBBE, HANDBUCH DES DEUTSCHEN PRIVATRECHTS (1882-1885), and others (*See* KASE, *supra* note 2, at 10).

195 Like, e.g., Louis Rigaud, quoted *infra* note 202.

196 RUDOLF VON JHERING, ACTIO INJURIARUM, DES LÉSIONS INJURIEUSES EN DROIT ROMAIN ET EN DROIT FRANÇAIS (translated and annotated by O. De Meulenaere 1888).

197 *Id.* at 146.

> because possession is a physical relation and property a legal relation.[198]

We will set aside the reasoning which leads Jhering to make the demonstration of the existence of the scheme "property of a right," and the analysis of this legal relation as a right real, to concentrate on his developments on literary property. He affirms that the author's right is directly on an intangible thing, the creation of the mind, rejecting in passing the idea that this right would be a right of personality:

> It would be playing with words to classify under the notion of personality the concrete relations created by the person. In creating them, the person came out of herself, and took position in the outside world. From then on, when the law protects them, it is not anymore the person, but this legal position that its protection concerns.[199]

What imports for Jhering is not the tangible or intangible nature of the relation protected: the only decisive point is that the person created a relation protected by the law, so as to generate an exclusive right.

This analysis in term of property does not ignore the extra-patrimonial aspect of the author's right. Hence, Jhering affirms:

> An economic interest can even lack entirely for the violations of author's right. It suffices to consider a situation where the author has not received fees and had his book printed for his friends only. But the protection of the tangible property itself is not subordinated to the existence of an economic interest. Certain objects that no one would pay a cent for, for example souvenirs of a beloved person . . . can have a big value for me, be very dear to me. Will this be a cause to refuse me the action for recovery of their property?"[200]

Among specialized authors, it will be necessary to wait for one century until someone risks a similar opinion in France, in industrial property by the School of Montpellier, and in author's right in the thesis of Mr. Raynard.

42. Modern Theories of Property. The property theory found a new audience in France in the first half of the century among specialists of civil law, following advanced studies on the notion of right real and on the classification of rights. It is Louis Rigaud who, in 1912, in his famous doctoral

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198 *Id.* at 147. Note that this is an informal translation from the French text.

199 *Id.* at 151.

200 *Id.* at 154.

thesis on the right real, will develop it.[201] For Rigaud, "the theory of intangible things (i.e., the application of a right real to an intangible thing), will far from being graceless and outdated, appears to us, on the contrary, susceptible to adapt marvelously to the development of the modern economic life." He does not see any obstacle to qualifying rights on creations of the mind as rights real, and adopts the remark of Jhering:

> The one who will want to give account of this fact, that the law grants absolutely the same protection to the exclusive relation of a person with incorporeal things and to the relation of the proprietor with the tangible things he owns, will hardly bother himself with their intangible nature to admit a right on these things. It is not really asking too much to the legal thought that to make it transport the notion of right from tangible to intangible objects, to the names, to the marks, to the products of intelligence, to the inventions, etc. The one whose conception does not go so far only has to stop being a jurist. The legal thought must be able to clear itself of relations of a perceptible nature.[202]

This opinion will find an echo in the writings of the great civil lawyer, Louis Josserand, who, taking note of the rejection by case law of the term property for a characterization as "exclusive privilege of a temporary exploitation," remarks:

> To our opinion, this conception is outdated, as curiously scholastic and narrow: probably, the monopoly of exploitation does not constitute a property identical to the one that the Civil Code organized for tangible properties . . . but the modern notion of the property right is sufficiently comprehensive and qualified to include very different forms of tenures.[203]

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[201] LOUIS RIGAUD, LE DROIT RÉEL (1912). Before him, C. Prodhan, Essai d'une théorie générale des droits reels (doctoral thesis, Paris 1909), already considered intellectual rights as rights real.

[202] JHERING, *supra* note 196 at 152, *cited in* Rigaud *supra* note 201, at 414. Technically, Rigaud demonstrates that "the qualification of *chose* consists of the attribution of the quality of object of right, and this attribution can be recognized, either to an element of physical nature, or to certain human relations in so far as, (by the operation of the law which organizes them) they may be objectivised." *Id.* at 393. He will distinguish, on the side of rights real on corporeal things, rights real on incorporeal things, divided in three species: rights on rights (*res incorporales quae in jure constitunt*); rights *in re intellectuali* (intellectual rights real); and rights *in re universali* (universal real rights), i.e., the right on the on-going business and the rights which apply to all or part of the patrimony.

[203] LOUIS JOSSERAND, COURS DE DROIT CIVIL POSITIF FRANÇAIS, T. I, para. 1527 (3rd ed. 1938). *See also* R. Roger, note under Paris Court of Appeal, 1st May 1925, DALLOZ PÉRIODIQUE 1925.2.98, at 100.

The same idea is expressed in an even more energetic manner by Messrs. Marty and Raynaud.[204] However, one will note that Josserand and these two authors reserve the case of the author's right, for which they adopt a dualist view. It is also, apparently, the opinion of Mr. Cornu.[205]

The most recent civilist opinion in favor of the property theory is probably the one of Mr. Zénati in his thesis and in his manual on the law of goods.[206] The fact that this author proposes an original theory on the right of property does not undermine the importance of his reasoning, which is also applicable in the context of a more classical vision of goods. On author's right, he states:

> artistic and literary works are goods of a specific nature. Because they continue [prolongate] the person of their author, their conception as a thing is not easy. And yet this transformation into a thing (reification) is necessary, because the entry of the work in the legal commerce is the condition of the remuneration and of the maintenance of the author. This contradiction gave birth to an original regime of appropriation, in which the exclusive relation between the author and his work is favoured, to the extent that the inalienability of this good is questioned.[207]

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[204] T. II, para. 429, at 422 *et seq.*, especially at 423: "Of course, the notion of property cannot be diluted so as to reduce to mere "entitlement" (*titularité*) of any right. But, on the other hand, one cannot confine the appropriation of things in the sole frames inherited from the dominium ex jure quiritium. Property and a fortiori the right real include more possible species . . .

The temporary character of the rights of the patentee, for example, or of the author of literary and artistic works and of his heirs, does not constitute a definitive objection: there are other cases of temporary property."

The limitations of the rights of owners of incorporeal movables are less significant when one refers to the growing number of limitations which affect the property of immovables and movables.

At the end of the day, what is important is to know if one finds in incorporeal properties the absolute and immediate character of the action of the holder, as opposed to the obligation where the holder of an obligational right is to obtain from a debtor the benefit which is due. These characters which are those of the droit réel and first of property, are found in the appropriation of incorporeal things." The authors reject the notion of property for clienteles (para. 432, at 427-28), but admit it for privileges, exclusivities and monopolies (para. 433, at 427).

[205] GERARD CORNU, DROIT CIVIL, *Introduction, les personnes, les biens* (7th ed. 1994). *See also* POUR UNE RÉNOVATION DE LA THÉORIE DE LA PROPRIÉTÉ 205-323 (1993), cited *infra*.

[206] LES BIENS para. 34, at 46 (PUF 1st ed. 1988) (further editions with Thierry Revet). *See also* CHRISTIAN ATIAS, DROIT CIVIL, LES BIENS 43 (3rd ed. 1993).

[207] It is interesting to note that, for the author, the link between the author and his work is so strong that the author always remains proprietor of this work, the

Concerning the moral right, the author affirms that "the body of prerogatives named droit moral is in fact only the translation of the power of exclusivity attached to property in common law. As a consequence, the moral right is perpetual and transmissible without limitation in duration to the heirs of the author."[208]

In general, the so-called "modern" theories of the property right are favorable to characterization of intellectual rights as a property.[209]

43. The Rebirth of the Theory in Industrial Property: The School of Montpellier. In his doctoral thesis submitted in 1958,[210] Jean-Marc Mousseron proposed an analysis of the right of the patent owner as a right of property. He was followed in this by many specialists of industrial property from the law school of Montpellier[211] as well as by other authors.[212]

Their theoretical demonstration generally follows a similar reasoning.

First of all, these authors undertake to demonstrate that a right real can have an intangible thing as its object. The main argument is that the Roman tripartite division is not, contrary to what is taught by the classical School, based exclusively on the originality of the object of the right (legal quality, thing, obligation). It is based on an analysis of the content of the right, that is, the structure of the legal relation.[213]

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grant of exploitation right being only an authorization. This is close to inalienability, and to the solution adopted in the German Act. However, there is no doubt that under French law the patrimonial right of the author is assignable.

[208] *Id.* at 48

[209] This is particularly true for those who detach themselves from the texts to adopt a broader, comparative, historical or sociological perspective. *See, e.g.*, KRUSE, *supra* note 1, at 107.

[210] JEAN-MARC MOUSSERON, CONTRIBUTION À L'ANALYSE OBJECTIVE DU DROIT DU BREVETÉ D'INVENTION (J. Reschly 1960 and LGDJ 1969). *See also* JEAN-MARC MOUSSERON, TRAITÉ DES BREVETS para. 49s (1984) and Jean-Marc Mousseron, Jacques Raynard, Thierry Revet, *De la propriété comme modèle, in* MÉLANGES COLOMER 281 (1993).

[211] JOANNA SCHMIDT, L'INVENTION PROTÉGÉE 28 (1972); REGIS FABRE, LE KNOW-HOW, SA RÉSERVATION EN DROIT COMMUN (1976); MICHEL VIVANT, JUGE ET LOI DU BREVET, APPROCHE DU DROIT DE BREVET paras. 255-57 (1977); CHRISTIAN LE STANC, L'ACTE DE CONTREFAÇON 284-85 (1977).

[212] The theory was recently reformulated in a detailed manner by Messrs. JEAN FOYER AND MICHEL VIVANT in their manual, LE DROIT DES BREVETS *(PUF, coll. Themis 1991). See also* ALBERT CHAVANNE & JEAN-JACQUES BURST, DROIT DE LA PROPRIÉTÉ INDUSTRIELLE para. 2 *in fine* (4th ed. 1993), but who also seem to adopt the characterization as right of clientele for trademarks, paras. 879, 196; JEAN-CHRISTOPHE GALLOUX, DROIT DE LA PROPRIÉTÉ INDUSTRIELLE para. 24, at 11 (2000).

[213] MOUSSERON, CONTRIBUTION, *supra* note 210, para. 243. The idea is close to the theories which see in the right of property a bundle of specific prerogatives. However, the School of Montpellier remains faithful to the classical division of the prerogatives of proprietors in *usus*, *fructus* and *abusus*.

Second, the authors point out that the content of the intellectual right is the same as the one of the right real, and this, whatever the definition of the right real is: the patent right, direct and immediate right on a thing, enforceable against all, is a right real.

This right real is then a right of property.

In this respect, the author remarks first that it confers to its holder the *usus*, *fructus* and the *abusus* of the invention, even though these prerogatives are limited by the intangible nature of the object or by operation of the law.

But what about the *usus*? It is an almost universal rule that the patent owner does not have the *exclusive* use (to the strict sense) of the invention, at least once divulgated to the public. Therefore *usus* of the work is not an element of the right conferred. Messrs. Mousseron, Raynard and Revet propose to get round this obstacle by considering that the *usus* applies to the economic value of the creation:

> beneficiaries of the exclusive use of the economic value borne by the work or the invention, the author and the patentee have, therefore, the usus, invariant element of the models.[214]

Against this, one may observe that the object of the intellectual right is not the economic value of the creation. The *usus* of the owner of a piece of land is not about its value, but simply on the piece of land. This is so true that an object of property can have no value at all.

Is it to say that the absence of *usus* makes it impossible to consider intellectual property as property? Probably not. The *usus* is not mentioned in the definition of property in article 544 of the Civil Code, which only speaks of the rights to "enjoy" and to "dispose." Besides, under French law some properties (recognized as such by case law) are not susceptible of *usus*: for example, the "use" of electricity is in fact a consumption (*abusus*). More surely, the systematization of the owner's prerogatives in *usus*, *fructus* and *abusus* was undertaken by Romanists to illustrate the uses of tangible things, which were the only appropriable things. There is no reason to apply it strictly outside this hypothesis.

Nevertheless, for those who would see in the "absolutism" of the prerogatives the mark of the property, it may be observed that the right of tangible property established by article 544 of the Civil Code is not an absolute right, and that, for example, it does not confer an exclusive right on the image, on the form, on the structure and on the intellectual content of the thing.[215] Besides, the "absolutism" pointed out in article 544 ("right

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214 *De la propriété comme modèle*, *in* MÉLANGES COLOMER (1993), para. 19, at 288.

215 *See* Michel Vivant, *Touche pas à mon filtre! droit de marque et liberté de création: de l'absolu et du relatif dans les droits de propriété intellectuelle*, JCP

to enjoy and to dispose of things in the most absolute manner") refers to the exercise of the property right, and not to its content. Therefore, from that point of view there is no fundamental difference with intellectual rights.

What about perpetuity? Like others before it, the Montpellier School teaches that the perpetuity of the right, which fails for the patent rights, is not in the essence of property. One can only agree.

> Again it is necessary to understand the term "perpetual" well! it does not prevent the concept of temporary properties. . . . The perpetuity of the property expresses two solutions of the substantive law. In the first place, contrary to some divisions of property, like the usufruct, it survives its holder: it is not a life-long right. It is transferred by inheritance. In second place, the property is said perpetual, because it is the only patrimonial right that does not expire, when not exercised for a long time: the property does not lapse by non-use.[216]

In fact, a temporary property is perfectly admissible. Technically, it amounts precisely to the same that this temporary character be the result of the law or of the perishable nature of the thing. It is true that strong moral and economic considerations justify the principle of perpetuity of the property of tangible things, which makes it an essential aspect of the right. But it is clear that in intellectual property the temporary character of the rights is justified by special considerations, which are as strong.[217] In this respect there is no risk of contamination of the regimes, in one way or in the other, and therefore no reason to refuse a qualification otherwise adopted in the Acts.

Finally, to those who, would like to separate property from rights real, by restricting property to tangible things, Mr. Mousseron re-affirms its conception of the tripartite division:

> One should not confuse the historic application of the property right with the very content of the right. The first belongs to the domain of relativity, of the temporal, of the contingent; the second is an absolute notion.
>
> It is necessary, especially, to avoid the confusion of the concepts . . . The notion of property belongs to the category of legal con-

(E) 1993, 251. The author defines intellectual rights as "the rights which tend to reserve to their owner certain economic utilities of the thing" (para. 6). In the same way, one could consider that the right of corporeal property tends to reserve to its holder certain economic utilities of the thing, that is, its physical utilities.

216 ATIAS, *supra* note 206, at 91 (ed. 1982).

217 Free movement of ideas, scientific progress, education and research, etc.

> cepts expressive of the content and not of the object, the function or the origin of the right. The reunion of certain prerogative is constituent of the property right, whatever the nature of the object is.[218]

According to the author, this qualification "alone is susceptible to safeguard the unity of the notion of property and to protect it from a fast disintegration."[219]

Therefore, "the patent right is a right of property, technically speaking and not only in a certain approximation which would be reminiscent of the strength of the prerogatives recognized to the patentee."[220]

Lastly, it is necessary to observe that the existence of a "droit moral" of the inventor would not be an obstacle as serious as in author's right to a qualification as property[221]: under French patent law pecuniary and moral rights are two perfectly distinct rights, one being conferred to the patentee, the other to the inventor.[222]

44. The Reception of the Theory in Industrial Property. The French Patent Law of 1968 will reinforce the position of the School of Montpellier.[223]

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[218] MOUSSERON, CONTRIBUTION, *supra* note 210, para. 255, at 278.

[219] In general, one can perceive, in the Montpellier School, the will to establish the basis allowing the development, if not of a general theory of intellectual property, at least of a comparative study of related rights, or of a "rationalization" of the field (*See, e.g.*, the different articles of Mr. Vivant, quoted in this study, the analysis of the Intellectual Property Code made by Mr. Mousseron and Mrs. Schmidt in DALLOZ 1993, somm 375, and the conclusion of M. Raynard in his note under Cass. 10 mars 1993, LA SEMAINE JURIDIQUE, II, 22161 (1993).

[220] FOYER & VIVANT, *supra* note 212, at 260.

[221] This moral right, reduced to its simplest expression, is the right for the inventor, employee or not, to be mentioned as such in the patent and to object to this mention.

[222] *See* MOUSSERON, TRAITÉ, *supra* note 210, para. 124, at 48. However, the term dualism has been used (by M. Mousseron himself in his thesis, cited, paras. 239-40), but it is clear that it does not cover by the same meaning as in author's right: it concerns two parallel and strictly independent rights, which may have the same origin (the patented invention), but do not necessarily have the same holders. The right of the patent holder thus presents an exclusively patrimonial aspect.

[223] As Mr. Mousseron pointed out in his *Treatise* (para. 52, at 48), "the patent act calls in its articles 1, 1 *bis*, 1 ter, 2 and 3 the patent "title of intellectual property"; unless words have no meanings, the patentee obtains a "right of industrial property" on the reserved invention. It is, at most, strange, that the legislator who avoids to mention directly the property or the proprietor of the invention expressly mentions the property or the proprietor of the patent in articles 31 *bis*, 32, 36, 42, 47, 48, 50 *bis*, 51, 53, 56, 60, 62, . . . Since there is no question for these texts to refer to property of the instrumentum, without interest, as the patent right is not incorporated in the title, accord-

In trademark law, the law of 1991 continued to use the term "property." In particular, article 14 of this law, now article L. 713-1 of the Intellectual Property Code, provides that "The registration of the mark confers to its holder a right of property on this mark for the products and the services he designated." Mr. Paul Mathély, in his treatise on trademarks[224] sees in the trademark right a right real and a property right (based on occupation and not on creation). Case law also acknowledges this characterization as property.[225]

The legislation on registered models also uses the term "property." For example, article L. 511-2 of the code speaks of the "property of a design or model,"[226] and article L. 511-6 of the "property right" granted by the law.[227]

B. Author's Right as Property

45. The Recent Influence of the Property Theory in Author's Right. The property theory had disappeared from legal writings on author's right since the beginning of the century.[228] However the *Lecocq* case and the dualist theory, while isolating the question of the moral right, permitted a rebirth of the theory of the right real, restricted this time to the pecuniary element of the right. One could already see it in the writings of a personalist like François Geny, who in his work "Of the rights on ordinary letters" (*Des droits sur les lettres missives*) considers the author's right as a right of personality from which detaches itself "a monopoly of exploitation, the

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ing to us each time it is about the property of the invention and of the holder of the right."

This position seems confirmed by the *Report of the Commission of Laws* to the Senate, quoted by the author, which speaks of a "right of property on the technical creation or the invention" (JO doc. parl. sénat 1967 para. 42, at 3). However, the same report speaks earlier of a "sui generis good which cannot be classified in a determined category" (para. 41).

French case law on patents uses the word property; *see, e.g.*, Trib. Com. Lille, 30 Jan. 1948, ANNALES PROPR. IND. 1949, at 50; Besançon, 25 Mar. 1958 ANNALES PROPR. IND. 1958, at 155; Court of Appeal 21 June 1930, ANNALES PROPR. IND. 1931, at 249; Court of Cassation Com. 30 Oct. 1978 (unpublished, *quoted in* MOUSSERON, TREATISE, at n. 54). *Contra*, Court of Appeal 28 Apr. 1976, PIBD 1976, 179, III, 416.

224 *Le nouveau droit français des marques*, JOURNAL DES NOTAIRES ET DES AVOCATS 165-66 (1994).

225 E.g., Court of Cassation Req. 24 Jan. 1906, DALLOZ PÉRIODIQUE 1907, 1, 65. Note Claro; Court of Cassation Com. 2 July 1979, PIBD 1979, para. 245.III.368.

226 Art. 3 al 2 of the law of 14 July 1909.

227 Art. 3 al 3 of the law of 1909.

228 *See, however*, GEORGES BRY, LA PROPRIÉTÉ INDUSTRIELLE, LITTÉRAIRE ET ARTISTIQUE 624 (1914).

scope and effect of which bring closer to rights real properly speaking."[229] The analysis of the pecuniary right as a right real is expressed by contemporary authors like Messrs. Le Tarnec,[230] Plaisant[231] and Colombet.[232]

But more recently, theories qualifying author's right as a whole (i.e., including the moral right) as a property right, or as a *sui generis* right real, have been proposed. But how is it possible, within an unitary theory, to take into account the development of the moral right and especially its particular regime (perpetuity, inalienability, separated devolution) instituted in the French Copyright Act of 1957?

Certain authors will try a technical explanation, with little success.[233] Among them it is necessary to quote a Belgian author, Pierre Recht. In 1969, Recht publishes a very interesting historic and doctrinal work, in which he affirms that the author's right is a right real, and a right of property.[234] The author first rejects, like his predecessors, the opinion according to which a right real could not have as its object an intangible thing, and relies on a modern construction of Roman law.[235]

For Recht, the relation between the author and his work is analyzed as a right real, of property. However, the scheme adopted to describe the author's right is especially complex and original, and finds little support in the law of 1957.[236] In our opinion, the major contribution of Recht to the theory of author's right is limited to two important points.

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229 *Id.* at 344.

230 LE TARNEC, MANUEL DE LA PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE para. 10 (2nd ed.).

231 ROBERT PLAISANT, LE DROIT DES AUTEURS ET DES ARTISTES EXÉCUTANTS 4 (1970) ("The pecuniary right is a right of property").

232 CLAUDE COLOMBET, PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE para. 20, at 14 (6th ed.); paras. 20-21 (7th ed.).

233 François Hepp seems to be the first to have proposed an analysis of the law of 1957 in terms of right real. In an article published in 1958 (*Le droit d'auteur "propriété incorporelle"?*, RIDA, Apr. 1958, no. XIX, at 160), the author sees in the author's right, including in its moral aspects, a right real, a right of incorporeal property. However, his interpretation of the law of 1957 is mistaken when he examines the objection based on the absence of perpetuity of the right. He first makes a distinction between the author's right (the monopoly) and the author's rights, i.e., the contractual debts from the exploitation of the work. He then affirms that the "droit moral" in article 6 is the droit d'auteur itself. As a result, only the commercial exploitation, which gave rise to "author's rights," is limited in duration, while the author's right is perpetual.

234 PIERRE RECHT, LE DROIT D'AUTEUR, UNE NOUVELLE FORME DE PROPRIÉTÉ (1969). The demonstration of the author follows a detailed historical analysis on legal theories on the nature of copyright, in France and in Germany.

235 *Id.* at 208-12.

236 It can be summarized as follows: literary property is a property-creation. As of publication, the "eminent" property of the work belongs to the collectivity,

On the one hand, the author affirms that the work is an element of the patrimony of the author as of its creation. He rejects the opinion of several authors, like Desbois, who affirm that the work is "patrimonized" only at the moment of publication; he thus criticizes as artificial the mechanism of patrimonization-depatrimonization of the work, taking the example of the painter who would expose a picture in his shop's window, and then would decide to remove it, to put back it in the window, etc. It is for him a "legal phantasmagoria."[237] He further underlines the impossibility to find a satisfactory criteria of the "patrimonization" described by the dualists.

On the other hand, the opinion of M. Recht is also interesting concerning moral rights: for him, the so-called "droit moral," which is constituted by the sole right to the respect of the work, is not a right of personality, but a necessary corollary of the unitary property right: "The truth is that it would be necessary to conceive copyright as a new form of unitary property containing multiple, pecuniary and moral, prerogatives, different from the ordinary property."[238]

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the author and his heirs keeping the "useful domain" during a period of time determined by the Law. If the property of the work is granted to the author as of creation, it is its publication, the gift of the work to the public, which divides the eminent domain of collectivity from the useful domain. The enjoyment of the eminent domain is granted to the author for his life; it mainly includes moral prerogatives. The useful domain constitutes a true property, analogous to the *emphytéose* (real right of immovables in the form of a long lease). The author, like all proprietors, has the *usus*, the *fructus* and the *abusus* of the thing. Note that, for Recht, the *usus* is really the right to use the work in an exclusive manner; he even infers from it that the buyer of a book acquires not only a right real on the book, but also a right of use on the work, right real divided from the author's right (!). At the death of the author, the legislator leaves the useful domain to the heirs during fifty years. The exercise of the eminent domain is granted by mandate to the heirs or other persons, according to the law. After this period, the eminent domain is reunited with the perpetual useful domain, and the reconstituted right belongs to the collectivity.

This explanation goes far beyond the text of the law of 1957. It is also unnecessarily complex, and raises several questions. What is this perpetual right? this right of the collectivity? this exclusive right of use?, etc.

237 "It is true that divulgation allows the author to start the economic exploitation of his work. But it is exaggerated to say that it has "for function" to withdraw the work from the category of goods outside legal commerce . . . there can be in the patrimony objects without apparent economic value: family souvenirs, papers, sketches, manuscripts. These object can, if they have a sufficient inner value, be real goods, and it does not depend from their proprietor to give them this quality, to make them patrimonial goods: they are . . . it is not divulgation which makes it a good." RECHT, *supra* note 11, at 222-23).

238 *Id.* at 275.

46. Contemporary Theories of the Droit Réel. The theory developed by Mr. Raynard in his doctoral thesis published in 1990 avoids certain imperfections of the theory of Recht.[239] His study of the nature of author's right is made in the context of the determination of the law applicable to the right in private international law.

If we set aside the question of the *droit moral*, his analysis of the author's right as a right real and as a property right is similar to the one exposed by the School of Montpellier. We will concentrate on his ideas on the *droit moral*, which he considers as an attribute of the right real of the author.

Mr. Raynard first demonstrates that the so-called moral right does not have for its object the author's personality, but the work itself.

Concerning its place within author's right, he notes that from a functional view point the moral right limits the acts of exploitation of the work. So it constitutes "a body of legal rules which depart, in specific cases, to the normal consequences that law attaches to the recognition of the work as "good," i.e., an economic value."[240]

Therefore this function of the moral right suggests a unitary qualification of the right. Besides, he affirms more distinctly that "the influence of the moral right on the monopoly characterizes a relation of accessory to principal, the accessory being in this case useful but never necessary to the existence, or to the use, of the principal."[241]

As for the moral function of the author's right, Mr. Raynard finds some of the equivalents in the ordinary property:

> Hence, the land owner who, proud of the land he owns, affixes to the entry of this one a sign with his name makes nothing else that to advertise his quality, without having to claim any moral right . . . Equally, the real estate owner has naturally the ability to make third parties respect the physical integrity of the object of his right.[242]

What then of the text of the French law of 1957? For the author, in addition to the text of article 1 which makes reference to pecuniary and moral "prerogatives" of the author's right, thus suggesting a unitary vision of the right, one would look for in vain in the Act for a systematization of the "droit moral." In addition, the specificity of the regime of these prerogatives (inalienability, perpetuity, separated devolution), that the author

239 RAYNARD, *supra* note 5.

240 *Id.* para. 349, at 318.

241 *Id.* para. 357, at 325. Analysis also developed in his note under Cass. Civ. 10 mars 1993, LA SEMAINE JURIDIQUE 22161 (1993), *supra* note 188.

242 *Id.* at 338.

contests on several points,[243] does not imply, according to him, a change of legal nature.

After Jacques Raynard, a specific form of the property theory was also adopted by Messrs. André and Henri-Jacques Lucas in their *Treatise on Literary Property*.[244]

47. Discussion. In author's right, the new property theories offer an interesting synthesis of the objections made to personalists and dualist theories, and a convincing explanation of the structure of the right, based on a modern and more realistic vision of property. However, the place given to the moral right by the School of Montpellier may not correspond to its importance in positive law. We will address rapidly these questions.

48. Rejection of the Monist and Dualist Theories. In France, monist personalist theories are mainly blamed for not taking into account the patrimonial aspects of author's right (alienability, etc.), and for failing to explain how a personal right during the author's life can become a monopoly of exploitation for the heirs. However, we saw that certain personalist theories, in particular the one of Gierke, are flexible enough to explain a partial patrimonization of the right.[245]

It was also pointed out that the monist theories fail to explain certain figures of author's right which present a limited moral or "personal" aspect, such as so-called collective works or the right on software for example. However, this argument relies on specific cases, which can be seen as exceptions within the general scheme for protection. Therefore, it is not entirely convincing.

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[243] *Id.* at 272-89. For the author the inalienability alone would be the "decisive element which makes the specificity of the moral right" (*Id.* at 276); but on the one hand it is not absolute, and on the other hand it also applies to other prerogatives than the moral right, as for example the resale royalty right (*droit de suite*). In a less convincing way, he affirms that the inalienability of article 6 of the law of 1957 is technically translated by the nullity of waivers of moral rights; he then mentions the principle of nullity of waivers of certain provisions or rights granted under the law (prohibition of assignment of future works, statutory royalty right, etc.) to conclude that these rules are then "inalienable" in the meaning of the law, like the right of integrity of the author. *Id.* at 288-89.

[244] ANDRE LUCAS & HENRI-JACQUES LUCAS, TRAITE DE LA PROPRIETE LITTERAIRE ET ARTISTIQUE para. 23 (2nd ed. 2001) *in fine*. But for these authors, the object of the right of intellectual property would be the power to exploit the thing, and not the intellectual thing itself (at para. 25). We saw that this idea was developed by the partisans of the monopoly theories (above, n°16), and is rejected by most supporters of the intellectual right and property theories. The vision of Messrs. Lucas seems more respectful than Mr. Raynard's of the importance and specificity of the moral right within the property right constituted by the author's right (*Id.* para. 29).

[245] *See id.* para. 30

It remains that, compared to most personalist theories, dualist theories present the advantage to offer an apparently satisfactory (and simple) explanation of the state of our positive law. However, if the dualist approach is justified on a didactic point of view, it can be criticized from the point of legal theory. It endures two defects:

On the one hand, it proceeds, like the personalist theories, from a fundamental confusion as to the object of the author's right and the nature of the moral right.

On the other hand, and in spite of what Desbois affirmed, it does not find a clear support in the text of the law of 1957 and in positive law.

49. The Fundamental Confusion at the Basis of the Personalist and Dualist Theories: The Object of the Author's Right. If the work, like other objects of rights, is an incorporeal thing, a concept, it is nonetheless a good which is sufficiently determined and identified to be considered as an element external to the person. This external element is not an emanation or an extension of the author's personality.[246] It is the product of the author's work and creative activity. From that point of view nothing permits to differentiate it from the product of the craftsman's manual work, apart from the incorporeal aspect of the result.

> It is a mistake to confound entirely the person and his work. Once born, and outside any communication to the public, the work acquires an objective existence, distinct from the author's person; it becomes a thing, a res. Certainly, this thing keeps with the one who created it a relation of dependence, which manifests itself precisely by the control of the author on his creation. . . . In any case, completed or not, perfectible or not, the work saw the light: it exists exactly like any work proceeding from man, be it realised in an intellectual or in a tangible object.[247]

The only and unique object of the author's right is not the man, nor one of his person's innate attributes, nor one of his inviolable qualities, nor his thought, nor his industry. It is the work, objective result of his creative activity. That the law, while defining the powers of the author on his work, recognizes and protects certain feelings (or the respect due by society to the work) does not change this simple fact: it is a direct, immediate and exclusive right on a thing.

In this respect the patrimonial or extra-patrimonial character of the right is irrelevant:

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246 Which, taken to the letter, is meaningless.

247 Dabin, *supra* note 98, at 423.

> whether it concerns only moral right . . ., only pecuniary right . . . or of a mixed, moral and pecuniary, right, the right always has for object an immaterial, intangible, intellectual, thing.[248]

50. The Moral Right is Not a Right of Personality. Let us go further and concentrate on the moral right.

Like the patrimonial right, the moral right is the right of a person on his work: the right to preserve the integrity of it, the right to see his name attached to it. It is certainly a right which protects the moral interests of the author, but it is also a right on an external thing. In this it differs from the right to one's honor or reputation, which concern the person herself or her attributes.

Therefore, if we are to admit the personalist vision of the moral right, we have to accept the construction proposed by Gierke of a right of personality on an external thing (or involving a thing external to the person).[249]

The problem of such a broad conception of the rights of personality is that it comes to overlap on the natural domain of property, that is, external things. The risk is then to blur the frontier between these two categories of rights.[250]

But this may not be a convincing argument against Gierke's personalist theory. After all, the rights to one's image and name are perfect illustrations of his theory, and of the difficulty to distinguish a right of personality and a right real in certain circumstances: they are rights of personality, and yet rights on external elements, which may be object of legal transactions under certain conditions. It remains, however, that the basic structure of author's right is a monopoly of exploitation, not a moral right (irrespective of the importance of the latter). This is not undermining the importance of the moral right to remark that its main function is to determine or limit the effects or conditions of exploitation of the pecuniary rights, not the converse.

One could also add that the moral right differs radically from a right of personality in that it is not an innate right, belonging to all persons, like the right to privacy or the right to the respect of human dignity. It is a right conferred to a creator by virtue of an act of creation, like corporeal property is conferred to the owner by virtue of the act of appropriation. If there is no creation, there is no work, and no moral right; in the same way, if there is no appropriation, there is no property. By contrast, the right of personality exists independently of any action of its holder. And if one

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248 *Id.* at 420. *See also* the remarks of Dabin, *supra* note 98, n°22; JHERING, *supra* note 196, n°41 *in fine*.

249 *See* n°30 *supra*.

250 *Id.*

objects that all individuals own at birth the possibility to be holder of author's rights, we will answer that the reasoning is also valid for the corporeal property, and even for all species of right; therefore, this "potentiality" is not a valid criteria for determining the existence of a right of personality.

There remains the argument on the "moral" or "ethical" aspect of the right. The problem is that it does not permit more to distinguish the right of personality from the intellectual property right: indeed, rights of personality do not have the monopoly of the protection of moral interests.

51. Moral Right as an Element of the Droit Réel? Jhering, Dabin, the School of Montpellier and many others have demonstrated that a right real can protect the protection of moral interests.

If we take the example of tangible properties, it is clear that in most cases these moral interests co-exist with economic interests. For example, the partial destruction of my property diminishes the patrimonial value of the good, but may also affect my feelings as owner. More, it is perfectly possible to imagine acts on tangible properties harmful to the sole moral interests of their owner.[251] These are still trespass, and not infringement of a moral right of the owner or of his personality (as "expressed" or "contained" in his property). From that point of view there exists in tangible property functional equivalents to some of the "moral rights" of the author: the right to retain possession can have the same function as the right of non-disclosure, the right of exhibition as the right of publication; the right of property can even function as a "right of integrity," as far as physical attacks to property are concerned. The only difference resides in the scope and in the regime of these prerogatives which, for ethical reasons, are especially extended concerning literary property. But these differences do not justify a disqualification in terms of *right real*. On the contrary, not only all essential characters of the right real are found in the author's right, but again it is impossible to demonstrate that one of the characters of the author's right, including its moral attributes, prevents a qualification in terms of right real. Let us take some examples.

(a) Right real and inalienability of the moral right

The author's actual or deemed feeling for his work, or society's respect for this work, have for consequence under French law the inalienability of the moral "prerogatives" which come to secure it. One cannot see, however, in the theory of the right real, what could stop the legislator from declaring untransferable certain of the prerogatives of its holder, or even the right in its whole. It is for example the case of the right real of use and

[251] For example, acts on goods with little economic, but great sentimental value; temporary occupation involving no diminution of the value of the good; or even acts adding value to the good (e.g., unauthorised modifications or improvements).

housing (articles 625 *et seq.* of the Civil Code), specific form of the usufruct, which cannot be alienated not rented. It is again the case of "family souvenirs," which are only alienable to the profit of certain people, without any text dictating this solution;[252] it is finally the case of the burials. In a more general manner, one saw more definitive attacks to ownership than simple inalienability.[253]

For M. Raynard, the explanation of the inalienability of the moral right would be the new function of the moral right at the expiration of the monopoly, sort of "global moral right, on all works in the public domain, with the general interest and the one of the culture."[254] More surely, it is a choice of the legislator made in order to guarantee a control by the author and his heirs on certain forms of exploitation of his work.

However, the consequence of this inalienability is that the author's right divides itself at the time of the assignment, the moral prerogatives remaining attached to the author. It is a division of the right according to the protected interests. If this difference of treatment, like others, justifies a dualist presentation of author's right, it is not the indication of a double nature. These are two aspects of the same right, the author's right.

(b) The thesis of the non-existence of the pecuniary right before divulgation (publication)

The theory of the non-existence of the pecuniary right before divulgation, exposed in support of the dualist doctrine,[255] was combatted with success by Recht.[256] It was also criticized in France by Mr. Olivier Laligant in his work on the moral right of divulgation,[257] and by other authors.[258] With these, we think that this idea proceeds from a confusion between the existence and the exercise of the author's right, and that it is contrary to the text of articles 1 and 7 of the law of 1957 (L. 111-1 and 111-2 of the CPI), which clearly indicate that full protection is granted "as of making" of the work.[259] In fact, as demonstrated by Mr. Laligant, it is not necessary

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252 René Demogue, *Les souvenirs de famille et leur condition juridique*, REVUE TRIMESTRIELLE DE DROIT CIVIL 1928.27; J-F. Barbieri, *Les souvenirs de famille, mythe ou réalité juridique?*, LA SEMAINE JURIDIQUE, II, 3156 (1984); Reynaud-Chanon, *Les souvenirs de famille, une étape vers la reconnaissance de la personnalité morale de la famille*, DALLOZ 1987, chron. 264.

253 Expropriation, destruction upon the order of the administrative authority, etc.

254 G. Lyon-Caen, *Une querelle juridique des anciens et des modernes*, *in* MÉLANGES ROUBIER (1961) (quoted by the author in para. 281, at 250).

255 *See, e.g.*, DESBOIS, *supra* note 55, para. 387, at 476-77. COLOMBET, *supra* note 232, para. 136.

256 *See* n°45 *supra* (text and footnotes).

257 OLIVIER LALIGANT, LA DIVULGATION DES OEUVRES ARTISITIQUES: LITTERAIRES ET MUSICALES EN DROIT POSITIF FRANCAIS paras. 32s, at 86-91 (1983).

258 *See, e.g.*, LUCAS, *supra* note 244, para. 384, at 313.

259 Art. L. 111-1: "The author of a work of the mind shall enjoy in that work, *by the mere fact of its creation*, an exclusive incorporeal property right which

to rely on such a theory to explain the specific regime of the work before divulgation (e.g., immunity from distraint, frustration of assignment or commissioning contracts); it suffices to note the impossibility to acquire the pecuniary attributes of the monopoly and the role played by the right of divulgation.[260]

(c) Right real and the immunity from distraint of the non-divulgated work

As for the rule of immunity from distraint of the non-published work, it does not transform the author's right in an extra-patrimonial right. That the non-published work be not attachable is a fact. But this is also the case of the tangible copy of the work, yet subject of a property right,[261] and of many other properties. They remain goods, elements of the patrimony, but whose personal character prevents the seizure. This is a rule on attachment, not on the patrimonial nature of the right. Besides, the author can perfectly sell his work before disclosure. The sale by the author of a work, created but not disclosed, cannot be invalidated for lack of object, for there is an object.

52. The Property Theory and the Law of 1957. The law of 1957 does not, on the contrary, contradict a monist analysis of author's right in terms of property or right real.

Let us set aside, first, the use of the term "property" in the law and more lately again in the titles for the sections of the Intellectual Property Code, since apparently the legislator would have persisted in a mistake he commits regularly and insistently for two centuries now (which is a singular enough interpretation rule).

The law of 1957 does not institute, contrary to what Desbois affirmed, a dualist analysis. As underlined by Messrs. Raynard and Gautier, who yet propose radically opposite theories (this last author adopting a personalist approach), the text of article 1 only speaks of moral and patrimonial "attributes" of author's right. *Prima facie*, this suggests a monist vision of the author's right.

In addition, the law does not systematize the moral right. Some characters of the moral right do not concern all prerogatives regrouped under this name, or concern pecuniary prerogatives as well. For example, inalien-

shall be enforceable against all persons." Art. L. 111-2: "A work shall be deemed to have been created, irrespective of any public disclosure, by the mere fact of realization of the author's concept, even if incomplete" (WIPO translations). *See also* STRÖMHOLM, *supra* note 11, T. I, para. 196, at 238-39. Mr. Laligant adds that this theory is contradicted by the existing case law on the right of divulgation.

260 LALIGANT, *supra* note 257, para. 83s, at 260s. In fact, when its exercise prevents the enforcement of a contract of sale, the right of divulgation acts like a *sui generis* case of *force majeure*.

261 *See id.* para. 87, at 266s.

ability is a character of the resale royalty right,[262] which is a pecuniary right; as for perpetuity, inalienability and imprescriptibility, they are only affirmed in relation to the rights of integrity and of paternity.[263]

Lastly, the pre-eminence of the moral right, which can impair the exercise of the patrimonial right, does not prove a separation of the author's right in two distinct entities of a different legal nature.[264]

53. Conclusion. In conclusion, author's right is a right real, of property. Like the property right on tangible things it protects both pecuniary and non-pecuniary interests. However, the legislator (as case law before it) introduced a specific protection for these interests in the form of new prerogatives or statutory restrictions to the exploitation of the work. These prerogatives remain exclusive rights, direct and immediate, on the work, like the other ones. They are a fundamental element, but also an integral part, of the right of property granted to the author. In this one cannot follow the School of Montpellier when it teaches that the prerogatives united under the term "droit moral" are "accessory . . . then contingent."[265] They are no less important than, nor accessories to, the so-called "patrimonial rights." On the contrary, their main function is to limit the exercise of the latter, which indicates a superiority in case of conflict.

C. Consequence of the Adoption of a Property Theory

54. Author's Right as Property: A Dangerous Conception for the Moral Right? Speaking about Picard's theory of intellectual rights and the regrouping of author's right and other intellectual property rights in this category, Desbois said that "such an extension presents the danger to blur, if not delete, the proper features of the author's and inventor's rights," and in particular the moral factor.[266]

More lately, reacting to the thesis of Mr. Raynard, Mr. Pollaud-Dullian, one of the partisans of the personalist approach, affirmed:

> Actually, if one sets aside the personalist basis, the moral right does not have any reason to be and is not justified in any way.[267]

These opinions are exaggerated. We cannot see how a characterization as property would have consequences on the content of the moral prerogatives granted to the author, these being defined with precision in the law.

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262 Art. L. 122-8.

263 Art. L. 121-1.

264 Note that certain pecuniary prerogatives, such as the statutory royalty right, also come to limit the exercise of the patrimonial right, once assigned.

265 Mousseron, Raynard & Revet, *supra* note 4, at 291 n. 4.

266 Desbois, *supra* note 55, para. 256.

267 *Droit moral et droits de la personnalité*, La semaine juridique 3780, para. 2 (1994).

More generally, one should not confuse the legal nature of a right with its philosophical basis. The idea of a protection of the author and the preservation of his special relation to the work inhabits French law and commands the special regime of the property granted to him. The right on the work, which protects both moral and pecuniary interests, and which even confers a superior degree of protection to some moral interests, remains a right of property.

Let us add that Mr. Edelman is mistaken twice when he addresses this reproach to Professor Raynard:

> This author makes us come back behind more than one century while endeavoring to qualify the copyright in right of property . . . which permits to align French law on the copyright.[268]

A qualification as property does not permit to align the author's right on the copyright: it does not remove its basis in natural law,[269] and it does not affect the existence nor the scope of moral rights. Once again, the property conferred to the author by French law specially takes in account the special "personal" relation between the author and his work.

But it is necessary to go further, and to affirm that the qualification of the moral right in right of personality may be more dangerous for authors than a characterization as property. Indeed, the classic conception of the moral right did not prevent its reduction in recent amendments made to author's rights. But it might also be responsible for this reduction. To assimilate the moral right to a fundamental right of the individual, associated to his personality, is to reserve this protection to those works of high artistic value, in which the creator's personality expresses itself more vigorously. It is also making it a right so fundamental that its exercise, necessarily discretionary, is incompatible with the methods of creation of certain works. As a consequence, one will tend to recognize this right to the painter or to the composer, and to refuse it to the creator of the software or to the film-maker.

By contrast, considering that the moral right is a necessary corollary of the property of a work, granted to the author in compensation and out of respect for his work, would have two effects. First, it would assure its uniform application. Second, it would give a more realistic account of its application by case law, which has the tendency to limit the discretionary exercise of the right and to balance the interests in presence (especially in the case of conflicts of moral rights).

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268 Bernard Edelman, *La rue et le droit d'auteur*, DALLOZ 1992, Chron. at 91 n.4. *See also* F. Pollaud-Dullian, *supra* note 188.

269 Note also that the qualification of property gives a constitutional value to the protection of the right, including in its moral aspects. *See* ATIAS, *supra* note 206, para. 54.

Also, such an explanation could have avoided confusion made in certain countries between the moral right of integrity and the rights to the protection of the honor and the reputation. This definition, included in article 6*bis* of the Berne Convention, uses the vocabulary of the rights of personality, not of property. It is used by the French Code of Intellectual Property concerning software[270] and was adopted by the European Court of Justice in the *Phil Collins* case.[271] This adoption was strongly opposed by some partisans of the personalist theories.[272] Yet, if the moral right is a right of personality, one is allowed to reduce it to a mean destined to protect the human dignity, and in particular honor. If it is about a right of property, it is the owner's title and quality that one protects, irrespective of further conditions.

[270] Art. 121.7(1°).

[271] European Court of Justice, 20 Oct. 1993.

[272] *See, e.g.*, Bernard Edelman in his commentary of the *Phil Collins* case, DALLOZ, 2 Mar. 1995, at 133, especially at 138.

Y2K CANADA — THE YEAR IN REVIEW

by ANDREA RUSH*

INTRODUCTION

E-commerce — with or without approval(s) from the copyright owner(s) — has placed increasing attention on the relevance of copyright laws to the new economy. Weathering the roller coaster of dot coms, net-casting, mp3 compression technology, Napster, Gnutella and other peer to peer file sharing software, attention to copyright law, domestic and foreign, is inescapable.

With one exception (the Copyright Board's decision concerning Tariff 22 filed by SOCAN) the reported decisions of federal and provincial Canadian courts which interpret the *Copyright Act*,[1] rendered in 2000 arose from old economy disputes. They are pertinent nonetheless for industries powered by literary, dramatic, musical and artistic works.

The creeping threat of shrinking protection is what the copyright food chain faces — creators and their advocates. In Canada, this comes in

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Awards include the Charles Seaton Award from the Copyright Society of the U.S.A., a Duff-Rinfret Scholarship (awarded by the Federal Department of Justice, the Eastern Provincial Airline Prize for excellence in Air and Space Law; McGill University Faculty Scholarships, a Steinberg Scholarship, and the McGill University Scarlet Key Award.

[1] R.S.C. 1985, c. C-42.

many disguises. One is the rising bar of "originality," alternatively construed as "originating" with the author, or "imagination" present. It is crucial because the starting point in Canada is that copyright law is "author protection" legislation.[2] To be protected, a work must be "original." Originality is not defined in the *Act*.

This paper focuses on the ebbs and flows of copyright — its scope, by reference to recent decisions of Canadian federal and provincial courts, grouped by subject matter. The cases on literary, dramatic, musical and artistic works, present rules of general application, a reminder that the Internet is but a medium of delivery; protection for the message has remained constant. An important development in distribution of content, and in the history of copyright law, the Internet highlights the need for a uniform test of entitlement to copyright protection — strength at home and internationally. Much attention has been focussed on the threat to protection presented by the medium of distribution. An equally significant issue for consideration is the rising test of entitlement to protection under domestic and foreign copyright legislation.

I. AUTHORSHIP

An author has rights in the original expression of ideas.[3]

Copyright consists of a bundle of rights in which (subject to the *Copyright Act*)[4] the author is the first owner.[5] These rights cut across the bounds of property and tort law[6] resulting in an atypical monopoly, namely, certain rights. The rights, in their entirety, are set out in the *Act*.[7]

> **Section 3. Definition of "copyright"**
> (1) For the purpose of this *Act*, "copyright" means the sole right to produce or reproduce the work or any substantial part thereof in any material form whatever, to perform, or in the case of a lecture to deliver, the work or any substantial part thereof in public or, if the work is unpublished, to publish the work or any substantial part thereof, and include the sole right

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[2] Bishop v. Stevens, (1990) 31 C.P.R. (3d) 394, 403 (S.C.C.), *cited in* CCH Canadian, Ltd. v. Law Soc'y of Upper Canada, (2000) 2 C.P.R. (4th) 129, 187 (F.C.T.D.). "As noted by Maugham, J., in *Performing Right Soc'y, Ltd.* v. *Hammond's Bradford Brewery Co.*, [1934] 1 Ch. 121 (C.A.) at p. 127, 'the *Copyright Act*, 1911 was passed with a single object, namely, the benefit of authors of all kinds, whether the works were literary, dramatic or musical.'"

[3] Neudorf v. Nettwerk Prods., Ltd. et al., (2000) 3 C.P.R. (4th) 129, 138 (B.C.S.C.), per Cohen, J.

[4] R.S.C. 1985, c. C-42.

[5] Section 13.

[6] Compo Co. v. Blue Crest Music, Inc., [1980] S.C.R. 357, (1979) 45 C.P.R. (2d) 1 (S.C.C.) per Estey, J.

[7] *Supra* note 4, Sections 3, 63.

(a) to produce, reproduce, perform or publish any translation of the work,

(b) in the case of a dramatic work, to convert it into a novel or other non-dramatic work,

(c) in the case of a novel or other non-dramatic work, or of an artistic work, to convert it into a dramatic work, by way of performance in public or otherwise,

(d) in the case of a literary, dramatic or musical work, to make any record, perforated roll, cinematograph film or other contrivance by means of which the work may be mechanically performed or delivered,

(e) in the case of any literary, dramatic, musical or artistic work, to reproduce, adapt and publicly present the work by cinematograph,

(f) in the case of any literary, dramatic, musical or artistic work, to communicate the work to the public by telecommunication,

(g) to present at a public exhibition, for a purpose other than sale or hire, an artistic work created after June 7, 1988, other than a map, chart or plan,

(h) in the case of a computer program that can be reproduced in the ordinary course of its use, other than by a reproduction during its execution in conjunction with a machine, device or computer, to rent out the computer program,

(i) in the case of a musical work, to rent out a sound recording in which the work is embodied, and to authorize any such acts.

Despite the significance of "authorship" (or perhaps because of it) the term "author" is not defined generally in the *Copyright Act*.[8] We have a sense from the cases of what should fall outside the definition: an author is not a mere scribe, nor an individual who suggests ideas to another person. The rule that an author has no copyright in ideas but only in their expression, stated by President Thorson of the Exchequer Court in *Moreau v. St. Vincent*,[9] is so well established that the number of times it has been reiterated this year would be surprising, if not for the inevitable loop: there are no bright lines dividing ideas and expression.

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[8] There is a definition of "author" in the *Copyright Act*, but it is limited to the specific purposes of section 60(3) (pre-1924 works); it was referred to in *Anne of Green Gables Licensing Auth., Inc.* v. *Avonlea Traditions, Inc.*

[9] [1950] Ex. C. R. 198, 203, 12 C.P.R. 32 (Ex.).

A. What Constitutes Originality

1. Literary Works: The "Old" Test

As noted above, although originality is not defined in the *Act*, the presence or absence of "originality" arises frequently as an issue in practice, when assessing copyright protection for fact-based works. Since the adoption of the North American Free Trade Agreement,[10] a "compilation" enjoys independent protection under section 2 of the *Copyright Act*, which defines a compilation as a (a) work resulting from the selection of literary, dramatic, musical or artistic works or of parts thereof, or (b) a work resulting from the selection or arrangement of data. Compilations of data, such as broadcasters' compilations, have been protected and serve as the basis for entitlement to remuneration under the retransmission regime.[11] The Copyright Board approved its ruling of June 28, 1996 that the "broadcast day" is a compilation of dramatic works protected under the *Act*.[12]

A price guide, set out in three columns, respectively showing the value of car trade in, retail sale and private sale, respectively, was protected as a compilation and held to have been infringed in *Edutile, Inc. v. Automobile Protection Association*.[13] When asserting entitlement to protection, the appellant did not rely on the presentation of the columns, nor on the existence of three columns, but on the selection and presentation of the standards for comparison. The opposing witness for the defendant had admitted on cross examination that the fact of setting out the "private sale" market and the "retail market" side by side in columns was a "brilliant," "innovative" move. Edutile's organization of the information according to unpublished standards in accordance with an original layout of two of the columns, one dealing with private sale and the other dealing with the retail market, was not previously known in Quebec.

The standard of "originality" applied with respect to compilations of data in *Tele-Direct (Publications), Inc. v. American Business Information, Inc*,[14] also on appeal from a decision of Dube, J., was cited:

> Essentially, for a compilation of data to be original, it must be a work that was independently created by the author and which displays at least a minimal degree of skill, judgment and layout in its overall selection or arrangement. The threshold is low, but

[10] S.C. 1993, c. 44.

[11] *Re* Retransmission of Distant Radio and Television Signals, (2000) 5 C.P.R. (4th) 440, 447.

[12] (1996) 71 C.P.R. (3d) 223.

[13] (2000) 6 C.P.R. (4th) 211, 217, 220 (F.C.A.), overturning the trial decision of Dube, J.

[14] (1997) 76 C.P.R. (3d) 296 (F.C.A.).

> it does exist. If it were otherwise, all types of selections or arrangements would automatically qualify, for all imply some degree of intellectual effort, and yet the *Act* is clear: only those works which are original are protected. . . .[15]

In the *Tele-Direct* case, the information had been arranged according to accepted, commonplace standards of selection and arrangement.[16]

A definition often quoted in Canadian cases is the statement set out in *University of London Press, Ltd. v. University Press, Ltd.*[17] concerning protection for examination papers:

> The word "original" does not in this connection mean that the work must be the expression of original or inventive thought . . . [T]he *Act* does not require that the expression must be in an original or novel form, but that the work must not be copied from another work — that it should originate from the author.[18]

This case was relied upon by the B.C.S.C. in *Neudorf v. Nettwerk Productions, Ltd.*[19]:

> In my opinion, I can rely upon the *University of London Press* definition of originality to find that all the plaintiff in the instant case must prove on this point is that whatever expressions he claims to have contributed to the songs originated from him and were not copied.[20]

2. *Dramatic Works*

Imagination is by definition present in certain categories of works which are not driven by facts, such as dramatic works.

In *Productions Avanti Ciné-Vidéo v. Favreau*,[21] Gendreau, J.A., and Biron, J., of the Quebec Court of Appeal held that a successful, humorous, unique television program (a dramatic work) was original because it resulted from the talent *imagination* and labour of the author. The characters constituted a substantial part of the work. The defendant produced a film in which the plaintiff's characters were perfectly recognizable, by reference to their costumes and mannerisms. Visual aspects of the plaintiff's work, including the musical sound track, decor, opening presentations and

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15 *Id.* at 307.
16 Tele-Direct (Publications), Inc. v. American Business Information, Inc., (1996) 74 C.P.R. (3d) 72, 97.
17 [1916] 2 Ch. 601.
18 *Id.* at 608-09.
19 (2000) 3 C.P.R. (4th) 129.
20 *Id.* at 138.
21 (2000) 1 C.P.R. (4th) 129, 145-46.

even the calligraphy of the screen credits, were also reproduced. During press interviews, the defendant explained that he wanted to make his version "as authentic as possible."

Ironically, the Quebec Court of Appeal cited with approval, Judge Sedgwick's, opinion of the Divisional Court, in *Allen v. Toronto Newspapers, Ltd.*[22]:

> In the law of copyright, the statutory requirement of originality does not imply inventive originality. It is enough that the work is the production of something in a new form as a result of the *skill, labour and judgment* of the author. . . .[23]

The Quebec Court of Appeal in *Avanti* went on to cite portions of the *Allen* case which in turn had cited with approval McLachlin, J., (as she then was) in *Slumber-Magic Adjustable Bed Co. v. Sleep-King Adjustable Bed Co.*[24] finding an advertising brochure to be protected and infringed:

> the fact that the elements of the [plaintiff's] brochure were similar to elements of other brochures, does not negate the fact that it has copyright in the arrangement of ideas, original or otherwise, which was solely the product of its own *work, skill and judgment.* . . . It is well established that compilations of material produced by others may be protected by copyright, provided that the arrangement of the elements taken from other sources is the product of the plaintiff's thought, selection and work. The basis of copyright is the originality of the work in question. So long as work, taste and discretion have entered in the composition, that originality is established. In the case of a compilation, the originality requisite to copyright is a matter of degree depending on the amount of skill, judgment or labour that has been involved in making the compilation.[25]

Ironically, this case concerning a dramatic work (which is inherently imaginative) relies on reported decisions in which a low standard of originality was imposed to protect a literary work. Will the reverse hold true? Can creators of literary works, e.g., compilations hinge the subsistence of copyright by citing the same precedents, or must their work be inherently imaginative for the same cases to apply?

Interestingly, the *Avanti* case contains a valuable nugget for defendants facing an infringement action: "The proposition that arrangements of

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[22] (1997) 36 O.R. (3d) 201 (Ont. Div. Ct.).

[23] *Id.* at 206.

[24] (1984) 3 C.P.R. (3d) 81, 85 (B.C.S.C.).

[25] *Id.* at 84-85, citing Ladbroke (Football), Ltd. v. William Hill (Football), Ltd., [1964] 1 All E.R. 465 (H.L.).

common ideas may be copyright protected is subject to certain limitations. First, it appears that the compiler can claim no copyright unless he or she had a right to use the materials constituting his compilation."[26] Possibly, this statement could be interpreted to mean that there can be no copyright in a derivative work unless the author is a licensee of the underlying work (the underlying judgment) for the purpose of creating the derivative work.

3. Musical Works

To establish co-authorship of a joint, musical work, a putative joint author must demonstrate a contribution of significant original expression to the work at the time of its creation, and that it was done pursuant to a common design with the alleged co-author (or in other words, some form of shared intent).[27] The contributions need not be equal. The intentions of each of the authors must be consistent, based upon objective or subjective evidence.

There are three pre-requisites to establishing protection as a joint author: (i) each author must contribute significant original expression to the work; (ii) each of the joint authors must have intended their contributions to be merged; and (iii) each of the joint authors must have intended that the other serve as a joint author of the work.[28] Typically, a dispute will arise because one party acknowledges the intention to consider the other party an author.

Arrangement of a musical work can attract copyright, such as the composition of an instrumental accompaniment or an instrumental passage based on an existing work. The purported joint author, on the facts of *Neudorf v. Nettwerk Productions, Ltd.*[29] fell short of justifying a contribution of musical expression, as opposed to mere suggestions or ideas.

B. What Constitutes Expression

1. Literary Works

Chemical formulae are not copyright-protected "works." The Quebec Court of Appeal held in *Tri-Tex Co. v. Ghaly et al.*[30] that chemical formulae were ideas not expression, and therefore not subject to copyright. The fact that the formulae were written or printed on paper did not mean that they were literary works protected under the *Copyright Act*. The appellate court quashed, in part, a seizure before judgment pursuant

[26] *Productions Avanti*, 1 C.P.R. (4th) at 140, citing T.J. Moore Co., Ltd. v. Accessoires de Bureau de Quebec, Inc., (1973) 14 C.P.R. (2d) 113, 116.
[27] *Neudorf*, 3 C.P.R. (4th) at 144, 153.
[28] *Id.*
[29] *Id.*
[30] (2000) 1 C.P.R. (4th) 160 (Que. C.A.).

to article 734(1) of the *Quebec Code of Civil Procedure* which included chemical compounds produced in accordance with the formulae as written, printed or otherwise reproduced on paper or computer software. Even if the formulae were protected, the defendant would not have had the right to seize the compounds, any more than copyright in the expression for the instructions for producing the "teaching rods" could have served to prevent production of the rod itself, in the case of *Cuisenaire v. South West Imports, Ltd.*[31]

Without copyright, an inventor will be unable to rely on the moral rights provisions of the *Copyright Act* to be credited as a co-inventor of the invention, e.g., in promotional material, pursuant to sections 28.1 and 28.2 of the *Copyright Act*.[32]

2. Dramatic Works

If a "work" is protected, so is each of its substantial parts. On this basis, misappropriation of fictional characters can be restrained. Autonomous, unique characters having a life of their own were entitled to copyright protection as a substantial part of the television program.[33]

Again in *Anne of Green Gables Licensing v. Avonlea Traditions, Inc.*,[34] copyright in a literary work extended beyond protection of the literary work itself to characters portrayed in the text of a series of books, because the texts described characters that were distinctive, thorough and complete. Descriptions of situations in the book were complete. The central character, Anne Shirley, an orphan girl described as an "outspoken morsel of neglected humanity" was protected by copyright. Unauthorized reproduction of two and three-dimensional Avonlea merchandise based on a direct expression closely linked to the literary work infringed copyright in the characters.

3. Musical Works

What degree of contribution to expression is substantial enough to constitute "joint authorship" of a musical work? In *Neudorf v. Nettwerk Productions, Ltd.*,[35] suggestions related to the use of a certain beat and of instrumentation, juxtaposition of chords in the bridge which were used in the introduction, copying an existing chord progression, selection of melodies, suggestions that the song be played in a simpler rhythmic style and to introduce a bridge, and suggesting the arrangement of musical parts did

[31] [1969] S.C.R. 208, 211-12.
[32] Balanyk v. University of Toronto (2000) 1 C.P.R. (4th) 300, 321-23 (Ont. S.C.).
[33] *Avanti, supra* note 21.
[34] (2000) 4 C.P.R. (4th) 289 (Ont. S. C.).
[35] *Supra* note 3.

not amount to expression protectable by the purported joint author. Examples of legitimate copyrightable contribution to the expression of a musical work would include collaborating on the lyrics, melody and chords.

4. Artistic Works

The dividing line between ideas and expression comes up not only in assessing whether there is a "work" but also in determining whether the work has been infringed. Ideas per se can be freely taken without infringing copyright. Typically, whether ideas or expression have been taken is considered by reference to the similarities, rather than the differences between the respective works.

An unusual analysis is found in *Robb v. Orca Bay Sports Entertainment*,[36] granting a motion for summary judgment dismissing an action for infringement of copyright in drawings of a logo containing a leaping killer whale. The British Columbia Supreme Court was clearly persuaded that the differences outweighed the main similarity between the respective drawings and stated:

> While the court must compare the similarities, I cannot ignore or overlook the differences that exist between the work of the plaintiff and that of (the defendant) Lynch. Where the differences are few, that serves to highlight the similarities but here the differences demonstrate the insignificance of what I consider to be serendipitous similarities.[37]

5. Summary — Is There a Uniform Test of Originality for Different Categories of Works?

The delicate balance between ideas and expression remains under scrutiny for each category of "work." The scope of protection is established by drawing the line between idea and expression at the point of originality. Should a uniform standard of originality be applied across the board, for all categories of works?

Following the *Tele-Direct* case, the subsistence of copyright in certain headnotes (literary works) was rejected as lacking originality, in *CCH Canadian, Ltd.* v. *Law Society of Upper Canada*.[38] Gibson, J., stated:

> While the evidence before the Court demonstrates beyond a doubt, that the preparation of the reported judicial decisions, including the headnote, catchlines, parallel citations, running heads and other matter added by the publisher in respect of the

[36] (2000) 1 C.P.R. (4th) 49 (B.C.S.C.).
[37] *Id.* at 57.
[38] (2000) 2 C.P.R. (4th) 129.

> three decisions in question, involved extensive labour, skill and judgment, I am satisfied that the whole process, particularly those elements involving skill and judgment, LACKED THE "IMAGINATION" OR "CREATIVE SPARK" THAT I DETERMINE TO NOW BE ESSENTIAL TO A FINDING OF ORIGINALITY. I am satisfied that editorially enhanced judicial decisions should be measured by a standard of intellect and creativity in determining whether they give rise to copyright, in the same way as compilations of data might be said to be measured following the decision of the Federal Court of Appeal in Tele-Direct. Article 2 of the Berne Convention 1971, I am satisfied, clearly reaches to the form of alterations of literary works represented by the case reports here at issue, but those case reports simply lack the "original expression" and fail to constitute the "intellectual creations" contemplated by that Article and more particularly, Article 1705 of NAFTA as reproduced in the Tele-Direct decision . . . .[39]

As a headnote is essentially an arrangement of text: to be faithful it must not depart from the text. The particular headnotes copied as part of the Great Library custom photocopying service were therefore found not to be original. It is not, however, axiomatic that in every case "creativity is the enemy of the true." Otherwise, copyright in factual works — including newspaper articles, historical treatises, law texts and by extension, other forms of compilations such as computer programs — could be severely curtailed as a result of this decision.

The character rights cases further underscore the murky dividing line between ideas and expression. Each of us, given pen and paper, would draw a different picture based on our individual impressions of Lucy Maud Montgomery's text, and each picture (though different) could be seen as an infringement of that text. Ms. Montgomery used the medium of words to paint her characters, each of which would be infringed by the making of an artistic work based on our transformative rendering. The scope of protection for some literary works (textual renderings of characters and situations) appears to be broader than others (compilations of raw data). Dolls infringe text but pies do not infringe recipes, nor would pharmaceutical preparations infringe chemical formulae if the latter were protectable as literary works. Perhaps this represents a levelling in the standard of protection for all works, achieved by inserting the element of imagination as a prerequisite.

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[39] *Id.* at 195-96.

II. OWNERSHIP AND TRANSFER

A Canadian registration certificate is rebuttable evidence that a work is protected by copyright and that the person named in the registration is the owner of the copyright.[40] An entry on the register may be made by the author or the owner, an assignee, or other person interested in copyright in the work.[41] An application may be made by the author, or of the legal representatives of the author as agent.[42] The *Act* provides for recovery in damages caused by a fraudulent or erroneous assumption of authority.[43]

The legal presumptions noted above are inapplicable if two registrations issue to different owners for the same work. This coincidence is possible because registration is not based upon a first to file régime.[44] The cases are inconsistent as to whether the presumptions apply if the registration issues after publication of the allegedly infringing copy.[45]

The presumption that copyright subsists does not apply for the purposes of determining whether a mass produced article is protectable under section 64 of the *Copyright Act* or should have been registered under the *Industrial Design Act*.[46] Eligibility for protection under the *Copyright Act* depended upon whether the work was created prior to June 8, 1988. Failure to call the author of a carpet design as a witness was construed to create an adverse interest concerning the date of creation.

Frequently, in the context of commercial transactions, copyright lawyers are asked to identify any gaps in the chain of title. When they are discovered, a retroactive assignment may be recommended to fill a gap, subject to consent from the assignor/author/owner. Such consent, however, may not be enough. The issue of sufficiency arises because of Section 13 of the *Act*:

> **Section 13. Ownership of Copyright**
> (4) Assignment of right by owner. - The owner of the copyright in any work may assign the right, either wholly or partially, and either generally or subject to territorial limitations, and either

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40 Sections 53(1), 53(2).

41 Section 55(1).

42 Section 56(1)

43 *Id.*

44 Dubois v. Systémes de gestion et d'analyse de données média, Média-source Canada, Inc., (1991) 41 C.P.R. (3d) 92 (Que. S.C.). The Federal Court has no jurisdiction to resolve evidentiary inconsistencies at the interlocutory stage.

45 Grignon v. Roussel et al., (1991) 38 C.P.R. (3d) 4; R. v. Laurier Office Mart, (1994) 58 C.P.R. (3d) 403; (1995) 63 C.P.R. (3d) 229.

46 Milliken & Co. v. Interface Flooring Systems (2000) 5 C.P.R. (4th) 209 (Fed. C.A.).

> for the whole term of the copyright or for any other part thereof, and may grant any interest in the right by licence, but no assignment or grant is valid UNLESS IT IS IN WRITING signed by the owner of the right in respect of which the assignment or grant is made, or by his duly authorized agent.

The presumption of ownership in s. 34.1(2)(b)(ii) of the *Copyright Act* also does not apply to prove ownership of copyright where a party does not have a valid written assignment.[47] In this context, the fabric designs of plaintiff and defendant were substantially similar. On a motion for summary judgment, however, the defendant successfully challenged the plaintiff's ownership rights. The assignment was signed by the author and the plaintiff in 1998, while the infringement occurred in 1993 and 1994. Since an oral assignment of copyright is not valid, an assignment stated to take effect, e.g., on July 31, 1992 cannot prove that the copyright was assigned at an earlier date. Neither the identity of the author, nor the identity of the witness to the author's signature could be proved. This was in contrast to *Randall Homes, Ltd. v. Harwood Homes, Ltd.*[48] In that case, the author testified that that the plaintiff had commissioned the work and was therefore the owner of copyright from the outset.

The jurisprudence on "nunc pro tunc" documents establishes that they have their stated effect only if they are merely recording an event that occurred or should have occurred. Therefore, an assignment document signed on April 9, 1998 cannot be the basis of an action for infringement unless the infringement occurred after April 9, 1998.

III. SOCAN TARIFF 22: TELECOMMUNICATION OVER THE INTERNET: HOW, WHEN AND WHERE

The most comprehensive, far reaching decision of the past year, at the very least, is the monumental decision of the Copyright Board concerning telecommunication of musical works over the Internet.

SOCAN, the collective society representing composers, authors and publishers in Canada, filed with the Copyright Board statements of proposed royalties payable for performance of music in public and telecommunication of music to the public, for the years 1996 to 1998. Tariff 22 targeted the communication of musical works by means of computer networks connected to a telecommunication network, including the Internet. Numerous parties objected to the tariff or intervened in the proceedings.

SOCAN asserted that a communication to the public occurred each time an end user could access a musical work on the Internet and that

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[47] J.L. De Ball Canada, Inc. v. 421253 Ontario, Ltd. et al, (2000) 5 C.P.R. (4th) 352, 359 (F.C.T.D.).

[48] (1987) 17 C.P.R. (3d) 372 (Man. Q.B.).

virtually all parties involved in an Internet transmission were liable for the communication. The objectors alleged, *inter alia*, that Internet intermediaries were entitled to rely on the common carrier exception set out in s. 2.4(1)(b) of the *Copyright Act*.

The Copyright Board conducted the hearing in two phases, the first of which would determine which activities on the Internet, if any, constituted a protected use targeted by the tariff, and the second of which would determine the amount of the tariff and who should pay the amount. The first phase proceeded on evidence concerning, *inter alia*, the technical operation of the Internet and the business arrangements and relationships among the parties involved in Internet transmissions.

During the first phase, the Copyright Board considered the following questions:

1) What do "communication," "telecommunication," "public" and "musical work" mean in the context of Internet transmission?
2) When does a communication to the public occur on the Internet?
3) Who communicates on the Internet? In particular, who can benefit from paragraph 2.4(1)(b) of the *Act*?
4) When does the act of authorizing a communication on the Internet occur?; and
5) When does a communication on the Internet occur in Canada?

The Board's conclusions on the issues raised in these proceedings were summarized as follows:

1) A musical work is not communicated when it is made available on a server.
2) A musical work is communicated by telecommunication when a server containing the work responds to a request and packets are transmitted over the Internet for the purpose of allowing the recipient to hear, see or copy the work.
3) The public or private character of a communication over the Internet can be determined according to established legal and jurisprudential principles.
4) A communication need not be instantaneous or simultaneous to be a communication to the public.
5) By making a work available, a person authorizes its communication.
6) The person who made a work available communicates it when it is transmitted from any server (host, cache, mirror).

7) Persons who can avail themselves of paragraph 2.4(1)(b) of the *Act* with respect to a given communication of a work do not communicate the work. Generally speaking, this includes all entities acting as Internet intermediaries such as the ISP of the person who makes the work available, persons whose servers act as a cache or mirror, the recipient's ISP and those who operate routers used in the transmission.
8) An entity cannot claim the benefit of paragraph 2.4(1)(b) with respect to a given communication of a work if the relationships it entertains with the person who made the work available are such that it can be said to act in concert with that person or if it does not confine itself to the role of an Internet intermediary.
9) The person that creates an embedded hyperlink to a work authorizes its communication. The person that merely supplies a link which must be activated by the user does not.
10) Communications occur at the site of the server from which the work is transmitted, without regard to the origin of the request or the location of the original Web site. Therefore, to occur in Canada, a communication must originate from a server located in Canada on which content has been posted. In the same vein, the communication triggered by an embedded hyperlink occurs at the site to which the link leads.

An application under section 28 of the *Federal Court Act* for judicial review in respect of the decision of the Copyright Board (the "Board") dated 27 October 1999 in Phase I was filed on November 25, 1999 by SOCAN on the following bases:

1) The Board erred in law or as to its jurisdiction, took into account irrelevant matters, or failed to take into account relevant matters:
   a. In holding that a musical work is not communicated to the public by telecommunication within the means of section 3(1)(f) of the *Copyright Act* (hereinafter "communication" or "communicate") when the work is made available by storing it on a host server where it can be accessed by members of the public.
   b. In holding that, with respect to most Internet transmissions, only the person who posts a musical work communicates the work.
   c. In holding that, to occur in Canada (that is, to give rise to liability under section 3(1)(f) of the *Copyright Act*), the communication must originate from a server in Ca-

nada on which the musical work has been posted; so that a transmission of a musical work from an Internet server located outside of Canada to a subscriber of an Internet Service Provider ("ISP") in Canada does not result in a communication in Canada.

d. In failing to hold that, if no communication occurs in Canada when a musical work originates from a server outside Canada, the transmission to the subscriber in Canada is nevertheless a performance in public of the musical work effected or authorised by the recipient subscriber's ISP.

e. In holding that a communication triggered by an embedded hyperlink occurs at the site to which the link leads.

f. In holding that when a transmission of a musical work involves a cache, the communication occurs at the location of the server from which the cache originally obtained the information.

g. In failing to hold that, with respect to Internet transmissions of musical works, the ISP who provides access to a subscriber and from whose router the musical work is transmitted to the subscriber communicates the work or authorizes the communication.

h. In holding that a person who only supplies on its website a hyperlink to be activated by the user does not communicate or authorize the communication of a musical work transmitted or that will be transmitted when the hyperlink is activated.

i. In misinterpreting the exemption in section 2.4(1)(b) of the *Copyright Act* to include within its scope Internet intermediaries generally, including the ISP of the person who posts the work or makes it available, persons who operate or who act as a cache or mirror, the recipient's ISP and those who operate routers in the transmission chain.

j. In failing to decide whether an entity that posts a musical work on a server located outside Canada with the intention to communicate the work specifically to recipients in Canada communicates the work in Canada.

k. In failing to hold that the transmission of the musical work by the recipient's ISP is a distribution to such an extent as to affect prejudicially the owner of the copyright under section 27(2)(b) of the *Copyright Act*.

IV. PARODY

While rejecting the application of the defence of fair dealing on the facts, and overturning the trial decision, the Quebec Court of Appeal in *Avanti* rendered the first formal decision which recognised that parody can be a defence or an exception to infringement, i.e., non-infringing for two reasons. The first was based on the statutory defence of fair dealing. There will be no infringement unless the strict fair dealing requirements of Section 29 (formerly section 27) are met. (The court noted that criticism can be humorous.) The second basis is an exception. If a creator produces authentic parody which creates a *new* work which pastiches or ridicules another work, or which relies upon another work to mock or criticise a social or political event there would appear to be no copyright infringement:

> In my view, two criteria are met: the finality of borrowing from the other work and the originality of the new work . . . . Parody and burlesque are literary and dramatic genres. Their purpose is to criticise by ridiculing a work, a situation or persons. As soon as a work is qualified as such, it takes on its own life . . . .[49]

Whatever the dramatic merits of *La Petite Vite*, no parody, criticism or originality were observed by the court. Simply adding pornographic activity as a storyline for characters that have been appropriated from another writer's work did not constitute fair use of *parody* of that material.

V. RELEVANCE OF U.S. DECISIONS IN CANADA

Canada's major trading partner, the U.S. is increasingly becoming an inseparable market for the commericalization of intellectual property. It is therefore appealing to draw on U.S. cases, and to search generally for consistent principles undivided by geographic limitations.

In the *Neudorf v. Nettwerk Productions, Ltd.* case, the B.C. Supreme Court imported the requirement of an intent to co-author into Canadian copyright law, relying on the statutory definitions of joint authorship in Canada, England and the United States. The difference in wording between the American and Canadian statutory definitions of joint authorship was seen as irrelevant:

> In holding that I view the American cases as a source of guidance to me, I am not unmindful of the caution expressed in *Compo Co.* v. *Blue Crest Music Inc.*, (1979), 45 C.P.R. (2d) 1 (S.C.C.), a case dealing with the infringement of copyright in a musical work, where, at p. 8 the court said, as follows:

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[49] *Productions Avanti*, 1 C.P.R. (4th) at 155.

> The United States *Copyright Act*, both in its present and earlier forms, has, of course, many similarities to the *Canadian Act*, as well as to the pre-existing Imperial *Copyright Act*. However, United States Court decisions, even where the factual situations are similar, must be scrutinized very carefully because of some fundamental differences in copyright concepts which have been adopted in the legislation of that country.[50]

One example of a contrasting case is *Tele-Direct (Publications), Inc.*, in which the Federal Court of Appeal noted:

> In [*Compo Co. Ltd.* v. *Blue Crest Music Inc.*], Estey, J. has observed that United States decisions "must be scrutinized very carefully because of some fundamental differences in copyright concepts which have been adopted in the legislation of that country but he did not discourage Canadian courts to "find some assistance in examining the experience in the United States". I take these observations as referring only to authoritative decisions of the United States courts.[51]

CONCLUSION

Precedents are the lawyer's tools. Unlike carpenters, our toolbox contains resilient instruments, which bend to the shape of their context. This explains in part why the cases considered above provide a useful context for emerging issues to monitor: co-authorship, imagination (as an element of originality), exceptions as distinct from exemptions (e.g., for parody), invalidity of confirmatory assignments and the overlap between the *Copyright Act* and *Industrial Design Act*. The most comprehensive and far reaching decision, rendered by the Copyright Board in its phase one analysis of what is caught by "telecommunication" of musical works over the Internet, will be reviewed by the Federal Court of Canada and the definition of originality will be revisited by the Federal Court of Appeal with respect to protection for headnotes.

Will bright lines emerge to divide ideas and expressions? Each of us, given pen and paper, would draw a different picture based on our individual impressions of Lucy Maud Montgomery's text, and each could be seen as an infringement. Yet, the ideas which depict Anne of Green Gables, are expressed in words, and presumably because they were imaginative, suffice to prevent reproduction in artistic format. The scope of protection for some literary works (textual renderings of characters and situations) appears currently to be broader than others (compilations of raw data).

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[50] *Neudorf*, 3 C.P.R. (4th) at 157.
[51] *TeleDirect*, 76 C.P.R. (3d) at 304.

Dolls infringe text but pies do not infringe recipes, nor would pharmaceutical preparations infringe chemical formulae if the latter were protectable as literary works. Perhaps this is a function of the degree of *imagination* — or originality which is inherent in a work, and for which an author should be rewarded, in keeping with the expressed, timeless purpose of copyright law, and the emergence of a uniform standard of originality for all categories of works.

Copyright lawyers, navigating through the choppy waters of technological change, grasping for that new exceptional argument to meld with precedent in both the new and old economies, will be challenged and inspired by the Internet — a great incentive for the development of a uniform approach to defining "originality."

ARE SOPHISTICATED MULTIMEDIA WORKS COMPARABLE TO VIDEO GAMES?

by IRINI A. STAMATOUDI*

I. INTRODUCTION

There has recently been a lot of discussion concerning the emergence of multimedia products as new technology products and the potential problems they present as regards their legal protection. The truth is that multimedia products are making rapid gains on the international market and these gains point towards a growth that is even larger than the one known previously by the television and the film industry.[1] However, any sound development and economic growth on the market presupposes security in transactions, stability and adequate means of protection. This means that new technology products can be put on the market safely without the fear of free-riders. Investors will then be prepared to invest in the creation of new multimedia products whilst creators will be in a position to secure their creations and get a fair return for the exploitation of their works.

Although there is a general consensus that multimedia products come within the ambit of copyright,[2] multimedia products present a unique

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[1] The multimedia market has seen an exponential growth in terms of turnover in the first half of the 1990's. Various estimates are available and whilst all of them show huge growth on average one found that the figures for 1995 and 1996 ($12.5 to 17 billion) were between five and ten times higher than those for 1989 or 1992 ($1.2 to 3.2 billion). For further details, see GILLES VERCKEN, PRACTICAL GUIDE TO COPYRIGHT FOR MULTIMEDIA PRODUCERS, EUROPEAN COMMISSION, DGXIII 16 (1996). Other sources indicated that the growth in turnover was expected to continue and that by 1997 it could reach the figure of $23.9 billion, excluding video games. *See* Interactive Multimedia Association (Annapolis, U.S.A.), as referred to by M. Radcliffe, *Legal Issues in New Media Technologies*, 12 COMPUTER LAW. 2 (1995).

[2] PIERRE SIRINELLI, REPORT ON MULTIMEDIA AND NEW TECHNOLOGIES, France, Ministère de la Culture et de la Francophonie, Paris 1994. PIERRE SIRINELLI REPORT, LE RÉGIME JURIDIQUE ET LA GESTION DES OEUVRES MULTIMÉDIAS, CERDI (Centre d'études et de recherche en droit de l'informatique de l'Université Paris Sud, Paris 1996. A. STROWEL & J. P. TRIAILLE, LE DROIT D'AUTEUR, DU LOGICIEL AU MULTIMÉDIA (1997).

characteristic. They are hybrid products and their classification into one or another category of copyright works is not easy. They combine computer technology, which brings them very close to software, they include a collection of data, which brings them very close to databases and they produce a visual result, which brings them very close to films. Classification is a very important exercise for copyright protection. There are countries, such as the UK, where classification is necessary for a work to attract copyright protection and there are also countries, especially in Continental Europe where, although works can be protected by copyright without being classified, they can only be protected by the general regime of literary works. However, this regime is very general in nature and is not always fit for new technology works. It is rather a regime of protection for traditional copyright works. Therefore, for a work to be protected it needs to come within one of the specific regimes of protection such as software, films, etc. In other words, in both the copyright and the droit d'auteur jurisdictions classification is a prerequisite for effective copyright protection.

Throughout the world's copyright laws there are no specific provisions for the protection of multimedia products. This is essentially so for one main reason. At the time of the drafting of those laws, no-one could foresee their emergence or predict their success on the market. Copyright law normally follows technological developments and therefore has to adjust itself to the needs of the technology industry, meaning creators, investors, users and the public. Another explanation for the lack of immediate action in the area despite the extreme growth of multimedia products is the fact that their rather sudden development has caused bewilderment to legislators, copyright practitioners and academics. Are we really dealing with something new or rather with an advanced version of a traditional copyright work such as a database or a film? If the latter is the case then there is no need for legislative initiatives and we only have to simplify the technological jargon and potential results and try and fit them within one of the existing categories of copyright works. In fact, this has already been done by necessity as regards video games, which were arguably the first forms of multimedia works to appear on the market.

The aim of this article is to explore the latter possibility. First of all I will look into the definition of multimedia products and how they compare to their primitive forms found on the market, i.e., video games. At a second stage, I will examine to what extent the solutions applied to video games, which are also the only form of multimedia works that have come before the courts, can also be applied to the advanced forms of multimedia

INSTITUTE OF INTELLECTUAL PROPERTY, A PROPOSAL OF THE NEW RULE ON INTELLECTUAL PROPERTY FOR MULTIMEDIA, Japan, Feb. 1994.

works or whether we are in need of a new piece of legislation which will take into account the particularities of these advanced forms of multimedia works and correspond to their particular needs.

II. DEFINITION OF MULTIMEDIA PRODUCTS

The term "multimedia products" has been used increasingly in the last few years with different meanings. However, a common characteristic in all those meanings is the fact that they all involve the combination of more than one different expression, e.g., sound, image, text, etc. Yet, this is not enough to establish the appearance of a new type of work or form of communication. The combination of more than one expression is something well-known both in our present as well as in our past copyright experience. Newspapers and magazines combine text and images. Films combine sound and images, databases can combine any form of expression. Yet, no one refers to these works as multimedia works. That alone makes us think that multimedia works must be something else, although not necessarily something entirely different.

Arguably, what makes multimedia works a different species of works are two essential additional elements. The mere inclusion of different kinds of expressions does not allow a work to qualify as a multimedia work. On top of that, these expressions have to be integrated. They have to be combined with each other to such an extent that any distinction or any attempt at distinguishing between the various expressions and elements initially included in the work is either impossible or makes no sense. If that is not the case then we only have a juxtaposition of materials which perhaps adds nothing or at least does not add a lot to the fact that these materials are different in nature. In such a case the separate protection of the various materials alone would equal the protection of the work as a whole and would confer on it the adequate degree of protection under copyright. In case these materials were somehow originally arranged, the work would immediately qualify for protection either as a compilation or as a database.[3] In this case, one could refer to compilations or databases and multimedia works interchangeably and no questions relating to the nature of the work could arise at all.

In addition to that, multimedia works are interactive. They allow their users to interact with the information they carry, not simply by giving simple instructions to the machine or by choosing a limited number of available pathways, but also by manipulating and interfering with the materials contained in them and that to such an extent that they can morph and blur them. The outcome of such an activity should not immediately or necessarily be recognisable as one of the elements initially included in the work.

[3] If it did not come under other categories of copyright works, e.g., films.

That should of course not mean that the user should engage himself necessarily in the activities of morphing and blurring but at least the potential for such manipulation should be there. In other words, a substantial degree of interactivity should exist.

Other characteristics are that multimedia works are necessarily digital works since they cannot operate without the aid of a software tool. On top of that, the amount of expressions and elements usually contained in a copyright work is large so as to allow a substantial degree of involvement and manipulation from the part of the user. Yet, these characteristics are more or less implied by the former ones (integration and interactivity), which define more characteristically the nature of a multimedia work.

Therefore, multimedia works should for the purposes of this article be defined as follows: *works which combine on a single medium more than one different kind of expressions in an integrated digital format, and which allow their users, with the aid of a software tool, to manipulate the contents of the work with a substantial degree of interactivity.*

Primitive forms of multimedia products may contain all the aforementioned elements but to a lesser extent. For example, the various elements contained in the work may not be integrated to an inseparable and indistinguishable degree. Alternatively, authors may interact with the work but not to a substantial degree. They may only make simple choices amongst the limited number of options provided by the producer of the work, which in their turn can only give rise to a predefined sequence of images (e.g., certain types of video games) or which can affect only the selection or arrangement of the various elements contained in the work rather than the content and substance of those elements (e.g., an electronic encyclopaedia such as *Microsoft Encarta*). However, these works (which can be referred to as the first generation of multimedia products) would fall foul of the definition of multimedia works as it is set out in this article. This is essentially so because these works share characteristics with conventional and existing types of copyright works (e.g., films or databases) rather than introduce a new type of work. Therefore, they can be protected adequately by the existing copyright legislation and they raise no points of concern.

III. CAN SOPHISTICATED MULTIMEDIA WORKS BE PROTECTED AS VIDEO GAMES?

A. Video Games as Multimedia Works

Video games possess the general/basic characteristics of a multimedia work. They combine on one medium (either off-line or on-line)[4] different

[4] On-line distribution of video games has increasingly become the rule, especially in relation to distribution over the Internet.

forms of expression in a digitised format. Images and sound are the most frequently combined expressions, though text can also be included, usually in the form of commands, pathways or score results. All these elements make up the visual effect (sights and sounds) of the video game. The visual element is an audiovisual expression as long as images and sound or images alone or images as the main element are projected onto a screen.[5] If that is not the case then, although the visual element necessarily remains, since the video game can only be displayed on screen, the audiovisual expression is replaced by a literary (if it is primarily text that is included) or other expression and it is on these grounds that the product qualifies as a work.[6]

Video games are also interactive. In fact, interactivity is a core element of these games. Without it no game is possible. Interactivity in video games allows the user to participate in and control the progress of the game. The user has the choice of selecting between the various options available. These will in their turn give rise to one of the predestined scenarios or predefined sequences of images. A certain number of scenarios are available in each video game and the choices of the player activate a particular scenario corresponding to each of these choices.[7] Although the user selects these scenarios, he cannot intervene and change their content. In this sense his role is functional rather than creative.

The similarities between video games and other multimedia products have prompted many commentators to think that what applies to video games should necessarily apply to other multimedia works as well.[8] Yet

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[5] This screen might be a television screen, a computer screen or a screen forming part of the whole package structure of the video game. This would be the case with "coin operated games" found in public places, such as pubs, casinos, etc. In this case the video game is distributed as a service. With regard to "domestic video games," which can be purchased in computer or multimedia outlets, the video game is distributed as a good (a reproduction of the original copy). Of course, if this video game is rented in a video shop, it will be provided as a service.

[6] *See* the *Minitel* case where text was the prevalent element, TGI Paris, 16 Sept. 1986, Expertises, 1987, n° 93, at 107.

[7] Another aspect in which video games resemble other multimedia products is that they are usually distributed in the same outlets, i.e., in computer or multimedia shops along with other information technology products. Yet, there are places where video games alone are distributed, such as video shops. Any other multimedia product would only be rented in such a place if its sole purpose were entertainment. In the same sense, there are multimedia products which are also sold in bookshops. Thus, distribution is not always a sound point of similarity between video games and other multimedia works.

[8] *See, e.g.*, Bernard Edelman, *L'oeuvre multimédia, un essaie de qualification*, [1995] 15 Recueil. Dalloz Sirey 109, 112.

that can only be the case if video games are in all aspects (composite elements, appearance, method of manufacturing, degree of interactivity, etc.) the same as any other multimedia work. If that is not the case, multimedia works in general can be afforded the same legal protection as video games if the differences they present are not substantial enough to justify a differential legal treatment.

B. The Case Law on Video Games

Judgments on video games are found in many jurisdictions. Perhaps this is so because video games have enjoyed great commercial success and also because this success, from an early stage onwards, has prompted others in the area to invest minimal effort and money into producing a similar or identical result or game and infringe or allegedly infringe copyright in existing products.

Such cases are mostly found in the U.S., France, Belgium and Germany. It is interesting to note that, early on at least, the judgments in these countries were not uniform. This was partly due to the fact that video games were new on the market. Their commercial value was not immediately evident and neither was their need for protection. It was also partly due to the fact that traditionally there were difficulties in fitting new technological products within the scope of conventional intellectual property works. Three phases can be identified in the history of qualification of video games. In the first one, video games were denied copyright protection altogether. In the two following phases, video games qualified according to the case at issue, either as computer programs or as computer programs and audiovisual works simultaneously (for different parts of the same product). The leading view today is that video games are in part computer programs and in part audiovisual works.

1. Lack of Protection for Video Games

Video games were initially denied copyright protection altogether. This denial was largely based on two grounds: a lack of fixation of the work and a lack of originality and aesthetic value.[9] The non-fixation argument of the courts in relation to video games arose on the basis that, on

[9] "The [French] judges' attitude in refusing video games legal protection under the Statute of 11 March 1957 seems to be based on two considerations. Firstly, they believed they were dealing with a technical creation in the meaning of the law of industrial property. Secondly, they decided, in accordance with the most classical principles, that graphics of a purely technical nature, which in addition showed no original conception or presentation, cannot be classed either as belonging to the five arts system – as the civil parties had attempted to claim – or, in a more general sense, as an intellectual creation in the meaning of the copyright statute." X. Desjeux, *From*

the one hand, video games were not fixed on a tangible medium that was human-readable (at least for those countries where fixation on such a medium is a necessary requirement for copyright protection) and on the other hand that fixation on such a medium was not sufficiently stable and permanent since it allowed the intervention of players.

a. Absence of Fixation

Under the U.S. Copyright Act 1976, "protection subsists . . . in original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced, or otherwise communicated, either directly or with the aid of a machine or device."[10]

"A work is 'fixed' in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced or otherwise communicated for a period of more than transitory duration. A work consisting of sounds, images, or both, that are being transmitted, is 'fixed' for the purposes of this title if a fixation of the work is being made simultaneously with its transmission."[11]

The form, manner or medium of fixation in which an author chooses to present his work is of no legal significance to the U.S. Copyright Act as long as the work is fixed on a tangible medium from which it can be communicated. On-line media are also covered by the Act if the work can be perceived for a period of time that is more than transitory. It is also of no interest under the U.S. Copyright Act whether the medium on which the work is fixed was known or unknown at the time of its drafting or whether communication from this medium can be achieved directly by humans or indirectly through the aid of technical devices. Protection is also afforded irrespective of the number of copies that are made of the work.[12]

However, the medium on which a work is fixed and the work itself should not be confused for the purposes of the classification of copyrightable subject matter. The fact that a medium of fixation is not a tangible

Design to Software, Video Games and Copyright. The Analytical Method in the Test of Technology, (1986) 2 J. L. INFO. SCI. 18, 42-43.

[10] 17 U.S.C. § 102(a) (1994). *See also* the U.S. constitutional limitation and the previous U.S. Copyright Act 1909 where copyright can only be granted to the "writings" of an author. Under the previous U.S. Copyright Acts, a work was not copyrightable if it could only be seen or read with the aid of a machine or device. Under this Act, only media existing at the time of its drafting, which were also media explicitly provided in it, qualified. This problem has been solved explicitly by the Copyright Act 1976. *See also* DAVID NIMMER, NIMMER ON COPYRIGHT § 1.08 (1997).

[11] 17 U.S.C. § 101(1994).

[12] *See* H.R. REP. NO. 1476, 94th Cong., at 52.

medium of expression, qualifying as such under a Copyright Act, does not necessarily mean that the work it carries is not copyrightable material. In *Midway Mfg. Co. v. Dirschneider*, the Federal District Court for Nebraska pointed out that "[f]irst, the Court must determine whether the plaintiff's works fall within one of the copyrightable subject matters enumerated in the Act 17 U.S.C. § 120(a). Second, the court must determine whether the work is fixed in a tangible medium of expression."[13] The video game at issue was found to be an audiovisual work[14] (therefore copyrightable subject matter) and to be fixed in the printed circuit boards which direct the video sequences. The printed circuit boards were found to be tangible objects from which the audiovisual works may be perceived for a period of time that is more than transitory or of more than momentary duration. Of course, for a work to be granted copyright protection it has to be both copyrightable and fixed on a tangible medium of expression.

The U.S. Copyright Act 1976, contrary to its predecessor the Copyright Act 1909, makes it clear that non human-readable media also qualify as capable of carrying copyrightable material.[15] This is the view taken in most other countries through the interpretation of the notion of fixation. Now, the stability and permanence of fixation is an issue common to any national copyright law. Transitory fixation is the counterpart of permanent and stable fixation. Transitory is either a fixation which only exists for a fraction of a second or we could also argue that it is also that fixation which does not have the prerequisites of being permanent, stable or capable of being read or seen again and again if required. "'Purely evanescent or transient reproductions' referred to by [U.S.] Congress are those arising from live telecasts or performances that are nowhere separately recorded. Clearly the lack of any recording of such events would preclude their ever again being identically reproduced."[16]

It was also alleged that the lack of fixation was in part due to the fact that in video games there was no stable and permanent display of the work. In fact, the participation of players made the display of the game appear different every time the game was played. It looked as if it were a different work each time and one that was expressed only in evanescent images.[17] Evanescent or transitory images as such do not qualify as images fixed on a tangible medium. This argument was promptly rejected by both

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[13] 543 F. Supp. 466, 479 (D. Neb. 1981).

[14] *See also* NIMMER, *supra* note 10, § 2.18[H][3][b].

[15] Under the U.S. Copyright Act 1909, computer games could not qualify for copyright protection on grounds of fixation.

[16] Midway Mfg. Co. v. Artic Int'l, Inc., 547 F. Supp. 999, 1008 (N.D. Ill. 1982)

[17] Midway Mfg. Co. v. Artic Int'l, Inc., 704 F.2d 1009, 1011 (7th Cir. 1983); Williams Elecs., Inc. v. Artic Int'l, Inc., 685 F.2d 870, 874 (3d Cir. 1982); Stern Elecs., Inc. v. Kaufman, 669 F.2d 852, 856 (2d Cir. 1982).

the U.S. and the French Courts.[18] "[T]he sequence of images for each configuration produced by the player is fixed and predetermined in the game's circuits. In a sense the player could be viewed as part of the 'machine or device' with the aid of which the work is "perceived, reproduced, or otherwise communicated . . . ."[19] The sequences of images which are displayed every time according to the choices of the user are already permanently fixed on the microcircuits and memory boards (ROMs) of the game. If they were not there, they could not be invoked by the player. "Despite the variance of sights and sounds resulting from the player's actions, much of the game's appearance and sequence of play remains constant no matter who is at the controls. The characters on the screen look the same, and the sounds heard whenever a player moves or causes a particular action to occur are always the same, even though an unskilled player may never see every possible display. As the court noted, the images and sounds remain fixed, and although the player can vary the movement of the images, he can never produce a display which was not initially fixed in the memory devices."[20] The fact that interactivity is not provided for expressly in the copyright laws of the various countries is because it was a phenomenon that could not have been foreseen at this stage. Yet, many national laws set out to cover new technologies by expressly saying so in their national copyright laws and by making their legal definitions technology-neutral.[21]

b. Absence of Originality

The second reason for which video games were denied copyright protection was their alleged lack of originality. It is true that video games contain many non-copyrightable elements, such as facts, figures, settings, characters, themes and expressions of issues that on most occasions are not readily capable of forming a work within the notion of copyright.[22] In

[18] *Midway Mfg. Co.*, 704 F.2d at 1011. *See also* the note of J. Bonneau, [1985] GAZ. PAL., (28.5.1985), at 345, Paris, 20 Feb. 1985.

[19] Mary P. Culler, Note, *Copyright Protection for Video Games: The Courts in the Pac-Man Maze*, 32 CLEVE. ST. L. REV. 531, 559-60 (1983-84).

[20] Patricia K. McKenna, Note, *Copyrightability of Video Games: Stern and Atari*, 14 LOY. U. CHI. L.J. 391, 405 (1983), referring to *Midway Mfg. Co.*, 699 F.2d at 856.

[21] 17 U.S.C. § 102 (1994). The economic philosophy behind permanent fixation is that there is little sense in granting a monopoly to an ephemeral fixation which will not be able to be reproduced again. In such a monopoly there would be almost nothing to exploit.

[22] The U.S. courts refer to those as "fact-intensive works" and "scènes à faire." Scènes à faire are incidents, characters or settings which are as a practical matter indispensable in the treatment of a given topic. Scènes à faire are afforded no protection because the subject matter represented can be ex-

addition to that, video games seemed at the beginning to follow the general trend that games are (in general) "works of utility." At least that part of them which was highly functional was incapable of attracting copyright protection.[23] The design and structure of video games seemed to come closer to an idea (which some will argue also includes the only way possible to express or construct such a product) than to an expression of the author (the individual way of constructing such a product, which was a choice among other options available) and therefore to fall foul of any copyright protection, at least for those parts which were utilitarian, functional and did not present any originality.[24]

Although the presence of non-copyrightable elements in video games was apparent in most national jurisdictions, the extent of these elements varied according to the level of originality required in each country and even if in all countries the axiom that the idea is not protected is respected, the delineation between the idea and the expression is a matter of interpretation subject to the various copyright traditions. As could be expected, common law countries traditionally held a more lax attitude towards the qualification of video games as protectable subject matter.[25] In continental law countries with strong copyright protection and strong con-

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pressed in no other way than through the particular scène à faire. Therefore, granting a copyright "would give the first author a monopoly on the commonplace ideas behind the scènes à faire." Whelan Assocs., Inc v. Jaslow Dental Lab., Inc., 797 F.2d 1222, 1236 (3d Cir. 1987). *See also* Atari, Inc. v. North Am. Philips Consumer Elecs. Corp., 672 F.2d 607, 616 (7th Cir.), *cert. denied*, 459 U.S. 880 (1982) and Landsberg v. Scrabble Crossword Game Players, Inc., 736 F.2d 485, 489 (9th Cir.), *cert. denied*, 469 U.S. 1037 (1984).

[23] *See* Susan K. Bennett, Note, *Copyrights and Intellectual Property – Portions of Video Games May Constitute Protected Property*, 66 MARQ. L. REV. 817, 818 (1983). *See* the "abstractions test" that the U.S. courts use to distinguish the idea from the expression, McKenna, *supra* note 20, at 400-01. *See also* NIMMER, *supra* note 10, § 2.18

[24] *See Whist Club v. Foster*, 42 F.2d 782 (S.D.N.Y. 1929) where it was argued by the court that "[i]n the conventional laws or rules of a game, as distinguished from the forms or modes of expression in which they may be stated, there can be no literary property susceptible of copyright"; Chamberlin v. Uris Sales Corp., 150 F.2d 512 (2d Cir. 1945); Morrissey v. Procter & Gamble Co., 262 F. Supp. 737 (D. Mass. 1967), where no creative authorship was found in a sweepstakes entry-form rule which elicited information which was expected to be elicited from a would-be contestant; and Durham Indus. v. Tomy Corp., 630 F.2d 905 (2d Cir. 1980).

[25] In the U.S., it is argued that for a work to be original it suffices that there is a little more than actual copying. Works which are no more than trivial variations of pre-existing creations will not be protected. It is also interesting to note that the closer a work comes to an idea the more one is allowed to copy.

victions about works being the expression of the personality of the author, it was held that video games did not present any aesthetic value[26] which could justify their inclusion within the ambit of copyright and that in any case there could be no way in which "technological patchworks" of this kind could be included within the same regime of protection as works of the mind.[27] The prerequisite of aesthetic value was soon abandoned by the courts as being irrelevant in relation to copyright. Statements such as "legal protection extends to each work that constitutes an original intellectual creation independent of all aesthetic or artistic consideration" are indicative on this point.[28]

A series of video games were denied copyright protection both in the U.S. and in France, but particularly in France since they were found to come very close to an idea rather than an original expression. In 1975 Atari tried to register a video game with the U.S. Copyright Office as an audiovisual work. It was denied protection on grounds that the game at issue was not substantially original and consequently incapable of attracting copyright protection. The case was heard on appeal on two occasions.[29] On both occasions the Court found that although there is no copyright in relation to the colours and the generic forms of the game, the combination of these elements together with sounds and movements was found to be adequately original so as to allow the registration of the game as an audiovisual work. Although in this instance, especially after the decision in *Feist,*[30] a more stringent approach was expected in relation to copyrightability of a work, still the Court admitted that the video game at issue satisfied the minimum level of originality as this was set out in *Feist.*

The Court of Appeal in Paris in two cases of alleged infringement and copying of two video games also came across the issue of originality. It found that the similarities alone between the two video games did not suffice to make out a case of infringement since in fact they only revealed the common idea behind them. Any exclusivity granted to the idea would lead

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[26] *See* the note of J. Bonneau, [1984] GAZ. PAL., (13.10.1984), at 345, Paris, 4 June 1984.

[27] *See* STROWEL & TRAILLE, *supra* note 2, at 350-51.

[28] Translation by the author from the French judgment. *Atari c. Valadon et Williams Electronics c. Mme Tel*, Cass. Fr., 7 March 1986, [1986] D. 405, concl. Cabannes and the note of Bernard Edelman. *See also* [1986] 129 RIDA 136 (July), note of Andre Lucas and [1986] JCP, II, n°20631, note of J. Mousseron, et al., *as referred to by* STROWEL & TRAILLE, *supra* note 2, at 351 n. 56.

[29] Atari Games Corp. v. Oman, 888 F.2d 878 (D.C. Cir. 1989) and 979 F. 2d 242 (D.C. Cir. 1992).

[30] Feist Publications, Inc. v. Rural Telephone Serv. Co, Inc., 499 U.S. 340 (1991).

to an unjustifiable monopoly in non-protectable material.[31] In the second case the Court found that "these facts in our times do not originate in a particularly original imagination or a very original intellectual effort".[32] In both cases, video games were not protected by copyright by reason of their lack of originality.

The French decisions on video games went perhaps one step further than those in the U.S. That was due to the fact that an idea in the U.S. was held to be whatever could not be expressed by a video game developer in another way, whilst in France the idea was whatever was not creative enough to qualify as original (or what was rather commonplace). The French decisions were criticised by a part of the literature as being too strict, perhaps in view of the danger that many video games will go onto the market unprotected and will become easy prey to potential trespassers or marketers in the same area. In this way, investments could be blocked in the video game industry.[33] On the other hand, of course, protecting too much could equally be a hurdle to new creations. Strowel argues that it is possible for one to wonder why French copyright law affords protection to expressions less creative than the traditional ones, like for example photographs and objects of applied arts, and not to video games. On the other hand, the functional character of these works is highly apparent in so far as they are designed in a way which is both comprehensible and easy for the user to operate the video game.[34] This latter element must be an argument against copyright protection in any droit d'auteur tradition, since such functionality clearly devalues any claim to originality as an expression of the personality of the author.[35]

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[31] "[T]he only similarity between the two video games is found in the theme adopted but Atari cannot claim a monopoly in the genre at issue which can be summarised in a fight between a marksman and moving objects" (translated by the author). Paris, 4 June 1984. *See also* Cass. Fr., 7 Mar. 1986.

[32] Paris, 20 Feb. 1985. *See also* TGI Paris, 16 Sept. 1986, Expertises, 1987, n° 93, at 107.

[33] This was also the case with the strict originality requirements in Germany in relation to computer programs until the introduction of the EC Software Directive.

[34] STROWEL & TRAILLE, *supra* note 2, at 351. The same authors also argue correctly at page 352 that a choice of a title for marketing-functional reasons or the choice of appealing colours for a screen display or the functional order in which a game is presented do not take away the potential copyright protection for these items. The influence of functional considerations is not able to take away the copyrightable character of the material.

[35] Other French judgments where video games were not granted copyright protection are Criminal Court of Nanterre, 29 June 1984, (1984) Expertises, n° 67, at 301 and Criminal Tribunal of Paris, 8 Dec. 1982, (1983) Expertises, n° 48, at 31.

2. Protection as Computer Programs

Video games can qualify as various types of works. Predominantly, however, they qualify as computer programs and audiovisual works.[36] In the early video game cases, certain national courts expressed a strong preference for video games to qualify as computer programs.[37] This preference was essentially based on two grounds. First, it was based on the finding that the screen outputs of the video games were not original enough to qualify as audiovisual works (in those countries, of course, where originality is a prerequisite for films) since the images and their sequences were essentially generated by the computer program contained in the video game. Secondly, it was based on the fact that the essential characteristic of films, i.e., a predefined or uninterrupted sequence of moving images, was not met by reason of the intervention of the players and their interaction with the video game. In *Pengo*,[38] the German Court of Appeal in Frankfurt ruled that although it is possible for video games to qualify as both computer programs and audiovisual works, not enough originality was found in the video game at issue to qualify as an audiovisual work. It was found to have been conceived by its developer in such a way as "to create a simple play activity which requires no more than attention and reflex actions." In fact, it was submitted that it is the software which creates, determines and operates the images that appear on the screen. Apart from that, there is not enough originality put in the audiovisual displays to turn them into a film. The fact that everything was computer-generated did not allow the German Courts to opt for the film qualification of the work.[39] In *Donkey Kong Junior*[40] the same Court denied protection to a video game as an audiovisual work because of its nature. The fact that players were allowed to interact with the video game,

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[36] The definition given to video games by the U.S. court in *Stern Elecs., Inc. v. Kaufman*, 669 F.2d 852, 853 (2d Cir. 1982), also points to this. Video games are "computers programmed to create on a television screen cartoons in which some of the action is controlled by the player." A. Strowel and J. P. Triaille argue that video games may also qualify as databases. Yet, we fail to see how this can be the case under the present definition of databases in the EU database Directive which requires the contents of a work to be individually accessible. Unless there is a special type of video game which meets this criterion the database qualification for video games can only be rare. *See* STROWEL & TRIAILLE, *supra* note 2, at 347. However, there were cases where video games contained mainly text rather than anything else. *See* the *Minitel* case, TGI Paris, 16 Sept. 1986, Expertises, 1987, n° 93, at107.

[37] *See, e.g.*, ANDRE R. BERTRAND, LE DROIT D'AUTEUR ET LES DROITS VOISINS 508 (1991).

[38] Judgment of the Court of Appeal in Frankfurt, 13 June 1983, [1983] GRUR 753.

[39] *Id.* at 756.

[40] Judgment of the Court of Appeals in Frankfurt, [1983] GRUR 757.

undertake different steps each time and achieve different things, necessarily led to different images. It was exactly this plurality of possible outcomes in terms of sequences of images that was thought by the Court to make it impossible for the game to qualify as a film. The absence of predefined sequences of images was found to be contradictory to the notion of a film.[41]

It is interesting to note that the difficulty of identifying a video game as both a computer program and an audiovisual work was usually encountered by countries with strong copyright tradition and strict requirements on the issue of originality. These decisions, however, were also in part due to the fact that at that stage Courts were not yet familiar with the fact that elements of a work can qualify as a computer program whilst other elements of the same work can qualify as an audiovisual work. In other words, it is irrelevant for films whether their images are generated by computer software or not. As Schack observes, the medium on which a work is fixed and the technology used to operate this work are irrelevant for films.[42] "The copyright is not defeated because the audiovisual work and the computer program are both embodied in the same components of the game".[43] What counts is how much creativity, if any, has been invested in the sights and sounds of the video game. If no creativity is found, then the provisions for a film cannot apply. The equivalent in an Anglo-Saxon system is the absence of even a minimum investment of skill and labour.

3. *Protection as Computer Programs and Audiovisual Works*

Nowadays, the literature on video games seems to accept that theoretically video games are capable of attracting three forms of protection. They can qualify as computer programs, as audiovisual works, as a combination of the two or, where not enough originality is found to classify them as such, they can perhaps attract copyright protection as drawings for their characters, figures or other designs.[44]

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[41] *Id.* at 758. *See also* in this respect [1985] ZUM 26, 30; W. Nordemann, [1981] GRUR 891; von Gravenreuth, [1986] DB 1005, 1006; Seisler, [1983] DB 129, at 21293. *See also* in France, A. BERTRAND, LE DROIT D'AUTEUR ET LES DROITS VOISINS 508 (1991). For a different view, see OIG Frankfurt, [1983] GRUR 753, 756.

[42] HAIMO SCHACK, URHEBER- UND URHEBERVERTAGSRECHT § 217 (1997).

[43] *Stern Elecs.*, 669 F.2d at 856.

[44] *See especially* GERHARD SCHRICKER, URHEBERRECHT, KOMMENTAR § 44 (1987); and (2nd ed. 1999), at 1380. *See also* NIMMER, *supra* note 10, § 2.18[H][3][a], who argues that the "pattern or design of game boards" are copyrightable as pictorial or graphic works or as maps. Under German law, there is also the option of a qualification as "Laufbildern". These are in fact moving images which possess no originality and form a neighbouring right. Andre Lucas, *Multimédia et droit d'auteur*, *in* AFTEL LE DROIT DU MUL-

If the originality criterion is left aside, what is perhaps important to examine is whether video games possess the basic characteristics of an audiovisual work, in other words whether their interactivity and the intervention of players are enough to preclude any real sequence of images, at least for those countries which understand "sequences of images" as an uninterrupted and predefined set of moving images.[45] In *Midway Mfg. Co. v. Artic Int"l, Inc.*, the U.S. Court of Appeals held that the U.S. Copyright Act, by referring to a "series of related images,"[46] refers "to any set of images displayed as some kind of unit" and not an entirely fixed sequence of sights and sounds which reappear every time the game is activated. In addition to that, the U.S. Act provides that an audiovisual work is performed when its images are shown to the public in any sequence.[47] This is also in compliance with the fact that the legislative history of the Act suggests that it should be interpreted flexibly so as to encompass new technologies.[48]

In Germany, a series of judgments on video games covered almost exhaustively the issue of whether video games meet the necessary prerequisites for film protection. The Bavarian Supreme Court stated that the fact that there is no predefined sequence of images in video games is irrelevant, as is the medium on which fixation took place.[49] Although the players are given the opportunity to interact with the video game, they can still only steer it within the boundaries set up by the designer of the software which as such does not alienate the nature of a video game from that of an

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TIMÉDIA : DE LA TÉLÉMATIQUE À INTERNET 113, 146 (Les Editions du Téléphone 1996), suggests a similar possibility under French law when he argues that the qualification of a video game as videogramme gives rise to fewer problems in respect of originality and presence of a scenario than the qualification as audiovisual works. For the qualification of video games as computer programs and audiovisual works, see SCHACK, *supra* note 45, § 215. For the position in France, see Andre Lucas, *Le droit informatique*, Paris, P.U.F., 1987, n° 276. For the position in Belgium, see P. Peters, *La protection des jeux-vidéo électroniques*, [1984] 2 DR. INFORM. 11. For the position in the U.S., see 1 NIMMER, *supra* note 10, § 2.18. Ch. Millard suggests also that video games are audiovisual works, *Copyright, in* COMPUTER LAW 88, 92 (Chris Reed ed. 2nd ed. 1993).

45 *See* in this respect the section on audiovisual works and sequences of moving images.

46 "[W]hich are intrinsically intended to be shown by the use of machines or devices such as . . . electronic equipment . . . ." 17 U.S.C. § 101 (1994).

47 According to 17 U.S.C. § 101, to "perform" a work means "to recite, render, play, dance, or act it, either directly or by means of any device or process or, in the case of a motion picture or other audiovisual work, to show its images in any sequence or to make the sounds accompanying it audible."

48 *Midway Mfg. Co.*, 704 F.2d at 1011.

49 12 May 1992, (1992) ZUM 545, 546.

audiovisual work.[50] Lastly, the fact that images in a video game are generated by a computer program should by no means impinge on the qualification of a video game as an audiovisual work.[51]

The role of the player was not found to be creative or in any aspect capable of transforming the form and nature of the work. "[Any] movements [in the video game] do not originate in the actual creativity of the player, but in the fact that the player, by using his arm, gives rise in a preestablished program to one or other situation, the number of which is by definition limited."[52] The player was in fact viewed as a part of the "machine" or "device" with the aid of which the work is perceived, reproduced, or otherwise communicated,[53] whilst the playing of the game was compared to changing channels on a television since "[t]he player. . .[has no] control over the sequence of images that appears on the . . . screen," but rather selects from the sequences stored in the circuits.[54] In the same judgment, the playing of the video game was also viewed as "a little like arranging words in a dictionary into sentences or paints on a palette into a painting. The question is whether the creative effort in playing a video game is enough like writing or painting to make each performance of a video game the work of the player and not the game's [author]."[55] This conclusion is based on the German and U.S. case law in this area.

4. The Current Position

It is apparent so far that any obstacles relating to whether video games qualify as computer programs and/or as audiovisual works have been solved by the national courts. Video games are held to be fixed on media that are both stable and permanent irrespective of their form and technology and irrespective of whether they are human-readable or not. They are found to possess the sequences or series of images required for

[50] *Puckman*, Judgment of the Court of Appeal in Hamburg, [1983] GRUR 436, 437.

[51] Judgment of the Court of Appeal in Karlsruhe, 14 Sept. 1986, [1986] CR, 723. Other German cases where video games qualified as both computer programs and films are *Super Mario III*, Court of Appeal in Hamburg, 12 Oct. 1989, [1990] GRUR 127, *Amiga Club*, Court of Appeal in Köln, 18 Oct. 1991, [1992] GRUR 312. In Belgium, a similar conclusion was reached in *Nintendo v. Horelec*, judgment of the President of the Court of First Instance in Brussels, 12 Dec. 1995, [1996] I.R.D.I 89. In France, there is the judgment of the Cour de Cassation (Ass. plén. 7 Mar. 1986) *Atari v. Williams Electronics*, [1986] 126 RIDA 136 (July) (annotated by Andre Lucas).

[52] Atari v. Valadon, TGI, Paris, 8 Dec. 1982, Expertises, 1983, n° 48, at 31 (overruled by the Court of Appeal, but only for the judgment of the Court of Appeal to be annulled by the Cour de Cassation.

[53] Culler, *supra* note 19, at 559.

[54] *Id.* at 560, referring to *Midway Mfg. Co.*, 704 F.2d at 1012.

[55] *Midway Mfg. Co.*, 704 F.2d, at 1011.

their qualification as audiovisual works and it is also stated in all jurisdictions that the intervention of players through the option of interactivity is not capable of transforming the form and nature of the work either by impinging on their fixation on a tangible medium or their sequence of images.

The German cases where video games seemed to fulfil the requirements only in so far as their computer program component was concerned, mirror the early stage of the judicial history of video games. Today, it seems to be accepted in most countries that video games consist of two main components. They consist of a computer program, which produces the effects and operates the game, and of an audiovisual work which is presented as the screen displays that communicate to the player the image, the movements of the characters and the sounds of the game. Both these works should be assessed separately and on their own merits. If they meet all the requirements which a computer program classification and an audiovisual work classification require and at the same time possess the level of originality that is required,[56] then the protection for both these types of works should be afforded to a video game. If a video game fails to qualify for one form of protection, only the corresponding part will be able to be copied by third parties, and not the whole video game.[57] Of course, these elements, which are linked to the nature of the work that is protected, i.e., the computer program or the audiovisual work, will still be under copyright protection and should not be copied by unauthorised third parties.

C. *Video games as a Model for Other Multimedia Works*

1. *Combination of different types of elements*

a. "Image" as a Prevalent Element

The courts have up to now dealt with cases of traditional video games. In other words, all video games possessed a computer program, which generated images and sounds and allowed the players to interact with these. They also possessed an audiovisual element: screen outputs displaying the generated images and sounds to the users. So far, one thing is clear: video games are capable of combining many different kinds of works, e.g., text,

[56] In a recent French video game case originality was assessed not only in relation to the sequences of images of the video game but also in relation to the computer program that allowed their presentation. In other words, the Court considered the video game as a whole without distinguishing between the computer program and the sequence of images. Pierre Tel. v. Midway Mfg. Co. and APP, Cour de Cassation, Chambre Criminelle, 21 june 2000, [2001] 187 RIDA 272.

[57] The protection of video games as films is preferred by most people on grounds that cases of infringement are more straightforward to prove in relation to films than in relation to computer programs.

computer programs, still images along with moving images, musical compositions, etc. However, the reality is that the majority of video games today are composed of images only. Although sound and text might also be present, these sounds are only basic sounds, which on most occasions do not attract copyright on their own merits as separate works. The presence of text is only minimal, and it is only used in so far as this is required to set out the rules of the game, the scores or the pathways a player should follow for the achievement of his target.

Although moving images are in fact the essential component of the screen displays of video games, still images, pictures, graphics, figures and drawings might also be present. A video game by its very nature is more heavily dependent on the images than anything else because it has to be comprehended quickly and easily and allow for the fast and efficient reactions of its players. It also aims to promote the game rather than provide information or initiate creation or full interaction with most of its components. Sound is only there to complement this effect, for reasons of marketing. The role of the text resembles that of the opening and closing titles of a film.

b. Combination of Different Types of Elements Rather Than Different Kinds of Works

From this point of view it is apparent that the visual displays of video games are very similar to films. What, however, has to be noted is that the variety of elements a video game presents is really a variety of types of works rather than different kinds of expressions of works. A video game comprises various types of images and pictures and not a variety of expressions, i.e., balanced amounts of images with sounds, texts and other data.[58] That becomes even more apparent if one compares the merits of the various elements incorporated into a video game. The potential outcome will be that although images might be capable of attracting copyright protection on their own merits, i.e., as films, drawings, designs, artistic works, etc., the sounds, text or other elements remain rough data, incapable of attracting copyright protection or coming within the notion of a "work." On top of that, the elements other than images are fewer in number than the images in any one work. In this sense, video games essentially contain images and it is primarily the moving images which are presented on the

[58] Video games differ from other multimedia products in so far as they are homogenous works. T. Desurmont, *L'exercise des droits en ce qui concerne les "productions multimédias," in* WIPO INTERNATIONAL FORUM ON THE EXERCISE AND MANAGEMENT OF COPYRIGHT AND NEIGHBOURING RIGHTS IN THE FACT OF THE CHALLENGES OF DIGITAL TECHNOLOGY 169, 178 (Sevilla, Spain, 1997).

screen during the game, which are capable of transmitting the passion and rhythm of the game to the player as well as the necessary visual tools for it.

2. The Degree of Interactivity

The fact that all video games possess a certain degree of interactivity is uncontested, since the notion of interactivity is central and necessary for the operation of the game. That fact has also prompted many to think that perhaps the qualification of a video game as a computer program might be justified solely on grounds that it is its interactivity which is its central element and the main motivator for its purchase by the users.[59] All the other elements seem to be somehow accessory, assembled to make up the external decor, the marketing package which allows the game to look more marketable and commercially attractive.[60]

The question, though, should be how much space for intervention and manipulation the interactivity found in video games gives to its users and how radically new is interactivity in video games when compared to the traditional forms of manual interactivity in television and video films and especially in choose-your-own-end films, video-on-demand, pay-per-view, pay-per-read, etc? It is interesting to note in this respect that when the national courts ruled on the issue of whether the intervention of players impinged on the nature of a video game as a film or precluded it altogether from qualifying as a film on grounds of lack of fixation and originality, they contended that this was not the case. The intervention of users and their interaction with the game was not found to affect fixation since the sequences of images and other elements were permanently fixed on the microcircuit chips (ROMs) of the video game from which they were invoked by the player in their initial form. Neither was the originality requirement of the work affected. The work always remained the same even after being played. In fact the players could not alter the work. They could only temporarily arrange the sequence of the images they received and the order in which they received them. The initial work fixed on the ROMs always remained the same. The sequences of images which were stored on the ROMs of a video game were predetermined and predefined and they were also limited in number. In this context the player could not exercise any creativity and his role was restricted by both the limited selection of images and by the option of only selecting images according to the steps he took rather than morphing, blurring, etc. The U.S. courts compared

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[59] STROWEL & TRAILLE, *supra* note 2, at 356.

[60] It is worth noting here that this remark is also reinforced by the fact that many elements of a video game remain unprotected by reason of lack of originality and their strong link to the idea which underlies the game rather than its expression. Indicative of this is the case law in the various countries as referred to in the previous sections of this chapter.

playing a video game to changing the channels on a television, and to arranging words in a dictionary into sentences or paints on a palette into a painting.[61] The courts, however, made clear that selecting words from a dictionary or paint from a palette is not like writing or painting where creative effort is required.[62] In the interactivity available in a video game, creative effort is not required and therefore it cannot be exercised. In this sense, a video game is indeed like a choose-your-own-end-film where the user can only select from the moving images stored in the memory of a machine. These images or their sequences cannot be altered or changed. In the light of this, the interactivity offered by both choose-your-own-end-films and by video games is not a re-creative, full interactivity. It is a limited interactivity, which does not leave the user any space for personal creation and authoring. Nevertheless, the above do not exclude the case where sophisticated and modern video games will allow for further intervention of the users. At this stage, however, it might legally be more advisable to talk about manipulation rather than about a mere ability to intervene.

3. *A Comparison Between Video Games and Other Multimedia Works*

If we were to compare video games with most other multimedia works of the same period, we could perhaps easily reach the conclusion that there are no real differences. Yet, the purpose of this section is not to compare video games with any early multimedia work but to compare them with the new reality of modern and sophisticated multimedia works as these currently appear on the market.

Although video games come within the genre of multimedia works in general, the progress of technology prompts us to argue that differences in the quantity that were introduced into modern multimedia products (i.e., many more different kinds of works combined on one medium, vast numbers of data, an advanced degree of interactivity, etc.) necessarily result in differences in quality as well. From this point of view, judicial solutions which were entirely based on one primitive form of multimedia products might no longer be appropriate to serve the needs of the most modern version of these products.

First, as we explained earlier, image is the only element absolutely necessary to and dominant in a video game. Sound, text or other elements are either non-existent or they play only a residual role. If variation is

[61] *Midway Mfg. Co.*, 704 F.2d at 1011-12. The player has no control over the sequence of images appearing on the screen. He can only select from the few sequences stored in the circuits.

[62] *Id.*

encountered in a video game this is a variation in different types of images (such as moving images, still images, graphics, figures, etc.) rather than a variation in different kinds of works (i.e., musical works, literary works, computer programs, etc.). In contrast, in modern multimedia works the combination of various kinds of expressions is found at the heart of these products and constitutes their essential feature and one of the main reasons for their purchase.

The other main reason for their purchase is that a modern multimedia work contains huge numbers of works. This is essential because these works have been seamlessly integrated in a digitised format which allows them to co-exist in vast amounts on one medium that is both comprehensive and handy for the user. This aim is almost absent from the construction purpose of a video game. A video game is not set up in the first place to offer vast amounts of information and neither does it combine a great variety of expressions. Essentially the only work which is contained in them is a combination of sets of moving images. The combination of these sets allows the work to qualify as an audiovisual work, provided it is original. Yet, if we take these sets of images apart, they might not always qualify as separate works. Any other elements contained in a video game will be even more likely not to qualify as separate works. Thus, video games are combinations of images rather than anything else, plus other non-copyrightable material. It follows therefore that no problems will be encountered in the clearing of rights, assemblage of components,[63] etc. In contrast, in a modern multimedia work, one of the main difficulties is that in order for the work to come into existence it has to combine various works, most of them being under copyright protection.[64] Here, the authors involved and the rights to be cleared are numerous and require different strategies of assemblage, construction and marketing when compared to video games, especially if issues such as moral rights are to be taken into account.

Last but not least, there is the difference in the degree of interactivity in video games when compared to that of modern multimedia works. Interactivity in video games, as was explained earlier, is limited in nature. The role of the player is restricted by the choices available. In reality, the player has only the choice to select between the various sets of images available. His choices cannot extend further than that selection. In this respect his role is not creative or imaginative and his moves form part of the machine or device which operates the game. However, interactivity still forms an indispensable element for video games. In modern mul-

[63] Most of the elements contained in a video game are created by its manufacturer. There is almost no inclusion of pre-existing works.

[64] Either pre-existing works or newly authored works.

timedia works, interactivity goes further than just a selection of the elements available. A versatile, full interactivity actually allows the user to have a creative role, to use his imagination to reconstruct existing works or construct entirely new works from the contents of the product. Sampling, blurring and morphing are some examples of the possibilities offered. Multimedia products are popular just because of the variety of the options they offer. They not only allow one to choose the paints from a palette or the words from a dictionary but they also allow one to paint and write.

One could argue that although that is possible, the selection of items contained in a multimedia work is still limited by the selections made by the developer of the multimedia product and that the initial works, even after their manipulation, still remain as they were initially stored in the memory of the product. That, however, does not place a modern multimedia work at the same level as a video game, firstly because the selection available is usually significantly broader than the one offered in video games and secondly because of the fact that the use of the data allows for a far higher level of interactivity and creativity. There is almost no limit to the choices and the degree of manipulation by the user. The user is given the opportunity to fully manipulate the contents of the multimedia work, to be creative and imaginative. He can transform the works contained in the multimedia product to such an extent that they are unrecognisable, in effect qualifying as new works, capable, perhaps, of attracting copyright on their own merits. Modern multimedia works will be increasingly used simultaneously as sources of information, creation and entertainment.

IV. CONCLUSIONS

Video games are only primitive forms of multimedia products. Interactivity is their central element and the one that allows the game. The features of combining vast amounts of data and various types of expressions are present in only a limited way. In this respect, and as far as their prevalent elements are "moving images" juxtaposed in an original way, they qualify as audiovisual works. They obviously also contain a computer program for their operation.

Modern multimedia works, or multimedia products as the notion is understood today, possess a greater degree of interactivity which allows the user not only to select elements but also to combine and create. In other words, a full manipulation option is available. Multimedia works contain more than just moving images and they contain these other elements at least to the same degree as moving images. Interactivity is not central in the definition of a modern multimedia product, though it is the feature that makes it possible to market successfully. What is of central importance is the comprehensibility and combination of the various kinds of works. The feature of combining different kinds of works in one me-

dium is more apparent and essential in a modern multimedia work than it is in relation to video games. In addition, the elements of modern multimedia works are on most occasions works rather than data, and in particular vast numbers of works. In this sense, their marketing as well as their development requires other forms of expertise if one focuses on their sights and sounds rather than on their computer program component. Usually multimedia works are authored and distributed by publishers rather than computer companies or outlets, although this is a situation which might vary in the future according to the conditions of the market.

In the light of the above, video games can serve as a model for multimedia products only in so far as they indicate that both products contain two components: a computer program which operates the work and the "sights and sounds" of the work. In relation to the first component, virtually all problems have been solved. In relation to the second, there is no clear indication from the above discussion that the desirable solution is the inclusion of a modern multimedia work within the ambit of audiovisual works along the lines of video games.[65] The similarities audiovisual works present in relation to modern multimedia works are far fewer and looser than those they present in relation to video games. Modern multimedia works will have to be assessed on a different basis and on their own merits. This is perhaps an assessment that ought to take place in relation to more sophisticated video games as well.

When one considers whether a work qualifies as a particular type of copyright work, such as software or films, one should also ask oneself whether it is advisable for a work to do so. Even if the actual characteristics of a work are not met *stricto sensu* a stretching of this category might be advisable if the regime of protection seems to fit well the needs of the particular work, in the case at issue of the multimedia products. In order for one to assess this possibility one needs to examine in full detail the characteristics of the regime of protection for films (since video games at the end of the day qualify as films) and try and apply it to multimedia products. That, however, exceeds the boundaries of this article and requires a far more extensive study.[66] Yet, the rule should be that since a work does not fit with the description of a particular type of works it is not possible that these works' regime of protection accommodate its needs. In the light of the above, films do not seem to be the ideal regime of protection for multimedia products. It is therefore high time that we consider

[65] A recent French decision regarding a multimedia product came to the conclusion that the audiovisual works' regime of protection was not suitable for the multimedia work at issue. Sté Havas Interactive v. Françoise Casaril, Court of Appeal (Paris), 4e Chambre, 28 Apr. 2000, [2001] 187 RIDA 314.

[66] For more details, see Irini A. Stamatoudi, To What extent are Multimedia Works Films?, ATRIP Conference, 17-19 Sept. 2000 Santorini (Greece).

seriously the possibility of legislating in the area of multimedia products before the market sets its own rules and discrepancies in creating, marketing and using are more difficult to regulate when it is late in the day.

PART III

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

United States

U.S. Library of Congress. Copyright Office

37 C.F.R. Part 201. Office Publishes Determination in Anticircumvention Rulemaking 1201(a)(1). Federal Register, vol. 65, no. 209 (Oct. 27, 2000), pp. 64,555-74. On Friday, Oct. 27, 2000, the Copyright Office published in the Federal Register at 65 FR 64555 the rule that designates the classes of copyrighted works that the Librarian of Congress has determined shall be subject to exemption from the prohibition against circumvention of a technological measure that effectively controls access to a work protected under Title 17 of the U.S. Code. In title I of the Digital Millennium Copyright Act (DMCA), Congress established that this prohibition against circumvention will become effective October 28, 2000. The same legislation directed the Register of Copyrights to conduct a rulemaking procedure and to make recommendations to the Librarian as to whether any classes of works should be subject to exemptions from the prohibition against circumvention. The exemptions set forth in this rule will be in effect until October 28, 2003.

U.S. Library of Congress. Copyright Office

37 C.F.R. Parts 201 and 256. Copyright Office Publishes Final Regulations Governing Adjustment of Royalty Rates for Cable Statutory License. Federal Register, vol. 65, no. 210 (Oct. 30, 2000), pp. 64,622-23. The Library of Congress published in the Federal Register the proposed adjustments to the percentages of gross receipts paid by cable systems and the gross receipts limitations (65 FR 54,984). Section 251.63(b) provides that the Library may adopt the proposed settlement without convening a Copyright Arbitration Royalty Panel if no opposing comment is received by the Librarian of Congress. Because no comments or Notices of Intent to Participate were received, the proposed settlement is adopted effective July 1, 2000. The new cable rates and the gross receipts limitations are applicable to the second accounting period of 2000 and thereafter.

U.S. Library of Congress. Copyright Office

37 C.F.R. Part 253. Copyright Office Announces Cost of Living Adjustment for Performance of Musical Compositions by Colleges and Universities. Federal Register, vol. 65, no. 232 (Dec. 1, 2000), p. 78,167. The Copyright Office of the Library of Congress announces a cost of living

adjustment of 3.4 % in the royalty rates paid by colleges, universities, or other nonprofit educational institutions not affiliated with National Public Radio for the use of copyrighted published non-dramatic musical compositions. The cost of living adjustment is based on the change in the Consumer Price Index from October 1999 to October 2000. Rounding off to the nearest dollar, the adjustment in the royalty rate for the use of musical compositions in the repertory of ASCAP and BMI is $239 each and $65 for the use of musical compositions in the repertory of SESAC.

U.S. Library of Congress. Copyright Office

37 C.F.R. Part 201. Copyright Office Publishes Correction. Federal Register, vol. 65, no. 232 (Dec. 15, 2000), p. 78,434. This document corrects a footnote to a proposed rule document published in the Federal Register on December 11, 2000 (65 FR 77,330). On page 77,330 in the Supplementary Information section in the third column, in footnote 1, the last sentence is corrected to read as follows: "From these descriptions, there is considerable doubt whether either offering would qualify as a non-interactive service."

U.S. Library of Congress. Copyright Office

Negotiation Period for the Adjustment of Rates and Terms for the Digital Performance of Sound Recordings. Federal Register, vol. 66, no. 6 (Jan. 9, 2001), pp. 1,700-01. The Copyright Office of the Library of Congress is announcing the six-month negotiation period for the adjustment of royalty rates and terms for the public performance of copyrighted sound recordings by preexisting subscription services and preexisting satellite digital audio radio services. The Office is also requesting those parties participating in the negotiations to notify the Office. The six-month negotiation period began on January 9, 2001. Notification of participation in the negotiation period was requested by January 31, 2001.

U.S. Library of Congress. Copyright Office

Librarian Adopts CARP Determination. Federal Register, vol. 66, no. 26 (Feb. 7, 2001), pp. 9,360-65. Upon the recommendation of the Register of Copyrights, the Librarian of Congress is adopting the determination of the Copyright Arbitration Royalty Panel (CARP) and issuing an order announcing the allocation of the royalty fees in the 1995, 1996, 1997, and 1998 Musical Works Funds. These fees are paid to the Copyright Office by importers and manufacturers of Digital Audio Recording Devices and Media (DART) who distribute these products in the United States. The 1996 Musical Works Fund will be distributed according to the agreement reached by participating parties. The 1995, 1997, and 1998 Musical Works

Funds will be distributed according to the percentages determined by the CARP.

U.S. Library of Congress. Copyright Office

Copyright Office Announces Voluntary Negotiation Period. Federal Register, vol. 66, no. 29 (Feb. 12, 2001), pp. 9,881-82. The Copyright Office announces the initiation of a six-month voluntary negotiation period for determining reasonable rates and terms for the public performance of sound recordings by new subscription services. The voluntary negotiation period begins February 12, 2001. For purposes of the section 114 license, "a 'new subscription service' is a service that performs sound recordings by means of non-interactive subscription digital audio transmissions and that is not a preexisting subscription service or a preexisting satellite digital audio radio service." The Office is also requesting that parties participating in the negotiation process so notify the Office by March 1, 2001. The Office will compile a list solely for informational purposes. This notification to participate in the settlement discussion is not a Notice of Intent to Participate in a CARP proceeding.

U.S. Library of Congress. Copyright Office

37 C.F.R. Part 255. Copyright Office Requests Public Comment on Interpretation and Application of Mechanical and Digital Phonorecord Compulsary License. Federal Register, vol. 66, no. 29 (Mar. 9, 2001), pp. 4,099-103. The Copyright Office of the Library of Congress requests public comment on the interpretation and application of the mechanical and digital phonorecord compulsory license (17 U.S.C. § 115) to certain digital music services. The Office seeks public comment on the extent of its authority to act, as well as the advisability of exercising any such authority. The Office also seeks comment on specific issues raised by petitioners, including issues related to the definition of "incidental DPD" and the streaming of recorded music.

U.S. Library of Congress. Copyright Office

Technical Corrections Bill Passes Senate. S.320 contains technical corrections to Title 17, as well as to the Patent and Trademark laws. It will correct punctuation and spelling errors, and eliminate section numbering errors in Title 17. These corrections were proposed last year in H.R. 5106, but the session ended before action could be taken on that legislation. S.320 has passed the Senate and was favorably reported by the House Judiciary Committee on March 8, with minor amendments to the Patent and Trademark portions of the bill. It is expected to pass the House soon, and will then have to be re-approved by the Senate in light of the House amendments.

PART IV

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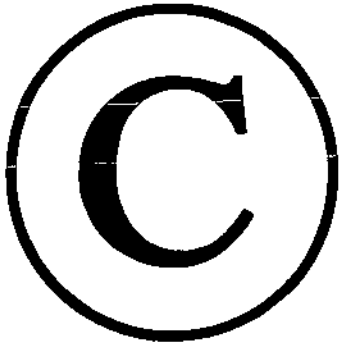
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FROM THE DESK OF THE EDITOR-IN-CHIEF

This is the fourth and final issue of Volume 48 of the *Journal.* As has been my custom on the occasion of the final issue, I want to thank all the authors who have contributed their intellect and energies to the Volume. I also want to thank the members of the Editorial Board who have given so unstintingly of their time to insure the continued high quality of the *Journal.* A special thanks is due Barbara Pannone for her outstanding administrative support of the *Journal*, and to William H. Manz of the St. John's Law Library for his editorial expertise. Finally, I want to thank St. John's University School of Law for its continued logistic support of the *Journal.*

This issue begins with David Goldberg, Robert Clarida, and Thomas Kjellberg's *"Recent Developments in Copyright": Selected and Annotated Cases*, as always a high point in the *Journal.*

Corey Field, who contributed to Volume 48, issues 1/2 has written once again for the *Journal.* The very title of his article, *Did Napster Save Copyright? A Proposal to Amend Section 511 of the Copyright Act Using A&M Records v. Napster to Solve the Supreme Court's Eleventh Amendment Abrogation Riddle*, explains the scope and intent of his piece.

In *Revisiting Williams & Wilkins v. United States: Defining the Scope of Fair Use in Research Photocopying*, Peter N. Fowler and Len S. Smith "critically examine the function and foundations of both copyright and the fair use doctrine, and demonstrate how the *Williams & Wilkins* decision . . . may still provide 'principles' that indicate that a fair use exception for research and educational uses exists even after the *Texaco* decision."

In *Authors and Their Writings*, Edward C. Walterscheid undertakes to "demonstrate that, for reasons that are not entirely clear, neither Congress nor the courts have been disposed in recent times to treat the terms 'authors,' 'their,' and 'writings' [in the Constitution] as placing any significant limitation on the copyright power of Congress."

Copyright Corner which was introduced in Volume 45, no. 4 (Summer 1998), is reappearing, this time with a bit of whimsy by Professor Michael J. Madison, *What's My Copy Right?*

The issue concludes with Part IV, Legislative and Administrative Developments, and Part V, Bibliography.

As always, your comments and suggestions are welcome. Ph: (718) 990-6005. Fax: (718) 990-6649. E-mail: beardj@stjohns.edu.

Joseph J. Beard
Editor-in-Chief

PART I

Copyright Society of the U.S.A.
25th Annual Meeting
June 12, 2001
Lake George, New York

"RECENT DEVELOPMENTS IN COPYRIGHT" SELECTED ANNOTATED CASES

By DAVID GOLDBERG, ROBERT W. CLARIDA AND THOMAS KJELLBERG

With

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These annotations cover cases since our report at the Annual Meeting of 2000 and reported through the issue of U.S.P.Q.2d of May 21, 2001 and through LEXIS's Circuit Court database in the COPYRT library through May 24, 2001.

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I. JURISDICTION AND PROCEDURAL ISSUES

A. Subject Matter Jurisdiction

Parachute Press v. Scholastic, Inc., Copyr. L. Rep. ¶ 28,155 (2d Cir. 2000)

Dismissal of complaint for lack of subject matter jurisdiction reversed by Court of Appeals. District court dismissed case based on three-part test of *Schoenberg v. Shapolsky Publishers, Inc.*, 971 F.2d 926 (2d Cir. 1992). Fol-

lowing oral argument here, Second Circuit decided *Bassett v. Mashantucket Pequot Tribe*, 204 F.3d 343 (2d Cir. 2000), which rejected *Schoenberg* test and reaffirmed test from *T.B. Harms v. Eliscu*, 339 F.2d 823 (2d Cir. 1964). Subject matter jurisdiction arises if complaint is for remedy expressly granted by Copyright Act or complaint asserts claim requiring construction of Act. Appeals court held Parachute's complaint satisfied *T.B. Harms* test, and therefore district court did have jurisdiction. Court noted that district court, relying on *Schoenberg*, looked beyond face of complaint and concluded that "copyright infringement claim [was] merely incidental to the underlying contract dispute." Because Parachute's claim alleged copyright infringement and sought relief granted by Act, appeals court vacated judgment and remanded case for further proceedings.

ITOFCA, Inc. v. MegaTrans Logistics, Inc., 235 F.3d 360 (7th Cir. 2000)

Circuit court panel dismissed for lack of jurisdiction appeal of district court decision granting summary judgment to defendant, finding decision did not constitute final appealable judgment within 28 U.S.C. § 1291. Plaintiff, not-for-profit association, developed software program to assist members in tracking and scheduling freight shipments. Plaintiff transferred two copies of software to for-profit corporate subsidiary, which used and modified program. Subsidiary went into bankruptcy, and sought and received court authorization to sell copy of program to defendant's predecessor. Plaintiff initially objected to sale, but withdrew challenge after hearing clarifying scope of sale. Defendant altered software slightly, and between 1991 and 1998 licensed software to three customers. Plaintiff contacted defendant, asserting ownership of copyright program. When parties failed to come to agreement as to ownership, plaintiff obtained copyright registration for program and sued for infringement in Northern District of Illinois. Defendant counterclaimed, seeking declaratory judgment that plaintiff held no copyright in software and that defendant had been assigned intellectual property rights in software on non-exclusive basis, and to have plaintiff's copyright registration voided. District court found bankruptcy sale, to which plaintiff had been party, had been final adjudication, "correctly or incorrectly," of copyright ownership. By withdrawing its objection, district court held, plaintiff acquiesced in sale; accordingly, present attempt to litigate ownership rights was barred by *res judicata*. District court entered judgment against plaintiff. It also dismissed counterclaims without prejudice. Appeals court held it lacked jurisdiction under 28 U.S.C. § 1291 to hear plaintiff's appeal. District court's dismissal of counterclaims did not end litigation, because defendant could refile them at any time; defendant was unwilling to represent that it would

not do so. If appeals court reversed, parties would continue to litigate dispute. Plaintiff, furthermore, could not invoke appellate jurisdiction under Fed. R. Civ. P. 54(b), because its claims were not factually distinct from defendant's. In order for appellate court to review district court decision, plaintiff must either wait until counterclaims are time-barred, or return to district court to have it create proper final order.

Ackoff-Ortega v. Windswept Pac. Entm't Co., 98 F. Supp. 2d 530 (S.D.N.Y. 2000)

Songwriter Robert Ackoff co-authored song "Mony, Mony" and signed work-for-hire agreement with Patricia Music Publishing. Ackoff assigned to Patricia Music copyright in "Mony, Mony," which after several transfers was assigned to Windswept Pacific Entertainment Co. Windswept obtained supplementary copyright registration claiming Patricia Music as author instead of Ackoff, alleging song was work for hire. Plaintiffs, Ackoff's heirs, entered into contract with defendant Richard Rosenblatt, co-author of "Mony, Mony," assigning Ackoff's share of renewal copyright to Rosenblatt. Rosenblatt filed action against Windswept claiming Ackoff's share in renewal copyright, but signed general release dismissing claims with prejudice after Windswept informed him of Ackoff's work-for-hire agreement with Patricia Music. Plaintiffs sought declaratory judgment that (1) "Mony, Mony" was not work for hire and therefore plaintiffs entitled to royalties based on Ackoff's interest in renewal copyright; (2) contract with Rosenblatt was unenforceable on basis of unconscionability, lack of consideration, and fraudulent inducement under state law; and (3) Rosenblatt breached contract by providing Windswept with general release. Rosenblatt had previously brought action against plaintiffs in state court, in which plaintiffs' counterclaims mirrored their claims in federal court. State court had dismissed breach of contract claim without prejudice. District court denied defendant's motion to dismiss federal claim for lack of subject matter jurisdiction, following *Bassett v. Mashantucket Pequot Tribe*, 204 F.3d 343 (2d Cir. 2000), because claim that song was not work for hire sought royalties under and required construction of Copyright Act. District court also found that supplemental jurisdiction over plaintiffs' state law claims was proper, despite pending state action, since claims were part of same case or controversy as federal claim and state court proceedings not sufficiently advanced to warrant abstention.

Tuff-n-Rumble Mgmt., Inc. v. Sugarhill Music Publ'g, Inc., 99 F. Supp. 2d 450 (S.D.N.Y. 2000)

In case concerning rights in rap music composition and recording "Spoonin' Rap," court awarded damages of $2,008,914.64 after defendant defaulted on motion for summary judgment. Court noted that case had

"not proceeded with the greatest decorum or the highest ethical standards" and facts and prior proceedings were set forth in four earlier decisions of court. Here, defendant sought vacatur of judgment pursuant to Fed. R. Civ. P. 60(b) on grounds that court lacked subject matter jurisdiction. Court first rejected defendants' assertion that requirement for establishing subject matter jurisdiction over copyright claims is "proof of ownership of an existing, *valid* and registered copyright interest . . . ." Instead, jurisdictional prerequisite is "registration, or attempted registration, with the Copyright Office, not demonstration of ownership of a valid copyright." Next, court rejected assertion, made without evidentiary support, that three factual inaccuracies in plaintiffs' copyright registration were deliberate and constituted fraud on Copyright Office. Court held that "heavy burden" required to establish fraud on Copyright Office was not met on basis of conclusory allegation that plaintiffs "were too knowledgeable about the record industry and the process of obtaining copyright registrations to have made such mistakes inadvertently." Accordingly, registration was held valid and not obtained by fraud. Finally, court rejected assertion that chain of title was not properly established, stating that "establishing the chain of title is not a prerequisite to establishing subject matter jurisdiction, but, rather, can be a defense to establishment of valid ownership of the registration." Court nonetheless permitted defendants to amend motion for sole purpose of presenting documentary evidence "leading to a more accurate calculation of damages."

Direct Mail Prod. Servs., Ltd. v. MBNA Corp., Copyr. L. Rep. ¶ 28,149 (S.D.N.Y. 2000)

Court dismissed action for lack of subject matter jurisdiction. Plaintiff, creator of proprietary databases of prospective credit card holders, complaining that defendants infringed copyrights in databases, filed action in Southern District of New York based on federal and English statutes and other related claims. Defendants moved to dismiss, claiming court lacked subject matter jurisdiction because forum selection clause in agreement between plaintiff and company closely related to defendants provided English law would apply and English courts would have exclusive jurisdiction. Court found that although none of defendants was party to agreement containing clause, defendants are closely related to one of signatories of agreement. Also, forum selection clause encompasses all claims asserted by plaintiff. Court therefore held that forum selection clause applied to action by plaintiff, and dismissed plaintiff's action subject to condition that defendants consent to jurisdiction of English courts.

B. Personal Jurisdiction and Venue

Byrne v. British Broad. Corp., 132 F. Supp. 2d 229 (S.D.N.Y. 2001)

Defendant's motion for summary judgment on grounds of *forum non conveniens* denied. Plaintiff, musician and political activist, brought suit against BBC alleging copyright infringement of song written and recorded by him. BBC recorded song, without authorization, in United States and used song in television news program broadcast in Northern Ireland. BBC moved for partial summary judgment on grounds of *forum non conveniens*. Although United Kingdom is adequate alternative forum, court denied motion. Plaintiff's dual citizenship and fact he travels between United States and Ireland regularly cannot diminish deference court gives his choice of forum. Court also denied motion on ground that balance of interests does not strongly favor litigating in United Kingdom because all public and private interest factors are neutral.

Jose Armando Bermudez & Co. v. Bermudez Int'l, Copyr. L. Rep. ¶ 28,148 (S.D.N.Y. 2000)

Rum distiller from Dominican Republic sued distributor and vendors for trademark claims and copyright infringement under Copyright Act arising from distribution and sale of "Bermudez" rums in U.S. District court refused to dismiss three defendants on grounds of *forum non conveniens*, because Dominican Republic is not adequate forum as to one defendant unlikely to be subject to process by Dominican courts, and as to all defendants because Dominican courts are unlikely to be able to grant remedy for claims primarily governed by U.S. law and based on infringing acts in U.S. Court noted other courts have declined to dismiss cases pursuant to *forum non conveniens* where plaintiff asserted U.S. infringement claims, and U.S. courts hesitate to assume jurisdiction over infringement in foreign countries. Weighing public and private interests supports jurisdiction due to strong public interest to enforce U.S. trademark and copyright laws, designed to protect consumers from fraud and deception. Private interests favor maintaining jurisdiction because infringements occurred in U.S., where business records are located, and certain defendants have contacts with New York. Court also denied motion to dismiss based on pending action in Dominican court regarding validity of assignment because parties are not substantially similar; this suit is broader and focuses on events in U.S.; Dominican courts are not adequate forum for adjudication of infringement; issue of parties' respective rights must be determined under U.S. laws; and plaintiff's interests and interests of U.S. public may be prejudiced by delay.

Dan-Dee Int'l, Ltd. v. Kmart Corp., Copyr. L. Rep. ¶ 28,169 (S.D.N.Y. 2000)

Court denied defendant Prima Creations' motion to dismiss complaint involving sale of holiday-themed stuffed gorillas for lack of personal jurisdiction. Court also denied defendant's motion to dismiss pursuant to 28 U.S.C. § 1404 for improper venue, or, in alternative, to transfer action to Eastern District of Michigan. Under New York's long-arm statute, court can exercise jurisdiction over "any non-domiciliary . . . who in person or through an agent . . . commits a tortious act in New York." Prima was subject to jurisdiction because it provided allegedly infringing gorillas to Kmart for sale in New York stores and had notice that allegedly infringing goods would be sold in New York. Furthermore, court denied Kmart's motion to dismiss for improper venue on ground that forum selection clause obligating plaintiff to "bring actions asserting rights from contract in Michigan" had no effect because copyright infringement action did not assert any contractual rights. Court denied Kmart's motion to transfer action to Eastern District of Michigan on ground that Kmart did not meet its burden of demonstrating desirability of transfer.

Scholastic, Inc. v. Stouffer, 56 U.S.P.Q.2d 1035 (S.D.N.Y. 2000)

Plaintiffs, writers, publishers and marketers of Harry Potter books, brought action in New York for declaratory judgment that they did not infringe defendant's copyright. Defendant, citizen and resident of Pennsylvania, moved to dismiss for lack of personal jurisdiction. Court denied motion to dismiss on grounds that plaintiff demonstrated sufficient facts to show jurisdiction under New York long-arm statute. Defendant contacted plaintiff in New York to assert copyright rights and threaten litigation and defendant's agent attended meetings on her behalf in New York and solicited business from publishers in New York. Agent's activities are attributed to defendant under long-arm statute because agreement designating agent as defendant's representative gives rise to inference of agency relationship. Furthermore, defendant exercised control over agent by authorizing agent to perform certain activities governed, in part, by agency agreement. Court also held that exercise of personal jurisdiction was in accordance with due process. Lastly, court denied defendant's motion to transfer case to Pennsylvania on ground that "first filed" rule precludes transfer of declaratory judgment action from New York to Pennsylvania, and defendant had not shown balance of convenience favored transfer.

Stewart v. Vista Point Verlag, 56 U.S.P.Q.2d 1842 (S.D.N.Y. 2000)

Plaintiff, performance artist who appears as Statue of Liberty in newspapers, magazines, film and television shows, claimed defendant infringed

copyright in her image, copyrighted as "Living Liberty," by using her image dressed as Statue of Liberty on cover of and twice inside its German-language travel magazine. Defendant moved for summary judgment, arguing lack of personal jurisdiction. Court granted motion, holding that because defendant was located in Cologne, Germany; tailored its magazines to German-speaking consumers located in Germany, Austria and Switzerland; never made any Internet sales of its allegedly infringing book to purchasers in New York; and did not transact business in New York, no personal jurisdiction existed. Even though book was intended to be used in New York; defendant, at plaintiff's request, sent plaintiff copy of book in New York; and third-parties and Amazon.de and Sportbuch.com shipped book to New York, court noted that if defendant sold book to on-line bookstores which in turn sold book into New York, infringing act of defendant took place not in New York but wherever transaction between defendant and on-line bookstores took place.

CNN, L.P. v. GoSMS.com, Inc., 56 U.S.P.Q.2d 1959 (S.D.N.Y. 2000)

Plaintiffs, well-known news organizations, established independent websites to deliver original articles to computer users. Plaintiffs have registered or are in process of registering content with Copyright Office. Defendants without permission copied plaintiffs' material onto servers and transmitted it over Internet to subscribers. Plaintiffs alleged, *inter alia*, copyright infringement, and defendants moved to dismiss, contesting jurisdiction in New York. Court held that personal jurisdiction was proper under New York long-arm statute. Although tortious acts were committed in California and Israel, where defendants' servers were located, customers have been harmed in New York. Plaintiffs alleged facts sufficient to find that defendants could reasonably expect transmittal of copyrighted infringing material to have consequences in New York. Moreover, court found requirements of due process satisfied. Accordingly, court denied defendants' motion to dismiss with leave to renew following discovery.

Ty, Inc. v. Baby Me, Inc., No. 00 C 6016, 2001 U.S. Dist. LEXIS 5761 (N.D. Ill. Apr. 20, 2001)

Defendant's motion to dismiss for lack of personal jurisdiction denied. Plaintiff, manufacturer of BEANIE BABIES plush toys, sued manufacturer of BABY ME BEARS for copyright, trademark and trade dress infringement. Personal jurisdiction in Illinois was based on sales through defendant's website of three bears to one customer residing in Illinois. Court indicated proper inquiry is whether defendant purposefully established minimum contact with Illinois and whether those contacts make personal jurisdiction reasonable and fair under circumstances of the case.

Using sliding scale approach previously adopted in *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119 (W.D. Pa. 1997), court examined nature and quality of defendant's commercial activity to determine whether defendant actively conducted business and generated revenue through direct commercial transactions with Illinois residents. After reviewing defendant's website, which offered bears for sale through Easy Order Form, court found conclusion inescapable that defendant intended to conduct business throughout U.S., and rejected unsupported claim that Illinois purchaser was acting as agent for plaintiff's counsel, and thus its purchase was not proper basis for personal jurisdiction. Court also examined issue of whether contact with Illinois was too sporadic to support jurisdiction, but found that since Illinois long-arm statute provides that torts committed in state authorize exercise of specific jurisdiction, jurisdiction was warranted based on infringement claims. Finally, in examining issue of reasonableness, court noted defendant was two-person operation, but held that defendant's small size alone was not enough to defeat personal jurisdiction where defendant had purposefully injected itself into state through its commercial activity.

GSI Lumonics, Inc. v. BioDiscovery, Inc., 112 F. Supp. 2d 99 (D. Mass. 2000)

District court denied motion to dismiss in declaratory judgment action, concluding that defendant Shams was subject to personal jurisdiction in Massachusetts. Plaintiff, designer of equipment for use in analyzing human gene expression data, entered into license agreement with defendant BioDiscovery, purported developer of ImaGene micro array analysis software. After receiving customer complaints about defendant's software, plaintiff developed its own micro-analysis software, QuantArray, which became leader in industry. Defendant accused plaintiff of copyright infringement, and plaintiff filed subject action seeking declaratory judgment of non-infringement in Massachusetts, naming BioDiscovery as defendant copyright owner. Defendant Shams also filed copyright infringement action in California, and moved to dismiss, arguing that he was not subject to personal jurisdiction in Massachusetts. Court concluded that defendant Shams' threatening communications, coupled with his ongoing efforts to exploit copyright in micro array analysis software in Massachusetts, satisfied Massachusetts long-arm statute.

Winfield Collection, Ltd. v. McCauley, 105 F. Supp. 2d 746 (E.D. Mich. 2000)

District court dismissed action for lack of personal jurisdiction over defendant who sold craft products on Internet auction site e-Bay. Plaintiff, Michigan manufacturer and seller of home-craft patterns, brought in-

fringement action alleging that defendant Texas resident copied and sold crafts created from plaintiff's patterns. Defendant obtained plaintiff's craft patterns by mail and sold crafts based on designs to Michigan residents via e-Bay. Plaintiff asserted that defendant's Internet sales were sufficient to permit exercise of personal jurisdiction over defendant. Court, relying on *LAK, Inc. v. Deer Creek Enters.*, 885 F.2d 1293 (6th Cir. 1989), concluded that defendant did not purposefully avail herself of privilege of doing business in Michigan by merely selling crafts via e-Bay to Michigan residents. Weighing personal jurisdiction in light of plaintiff's Internet activity under *Zippo Mfg. Co. v. Zippo Dot Com, Inc.*, 952 F. Supp. 1119 (W.D. Pa. 1997), court refused to hold that selling products over website that contains interactive features creates personal jurisdiction because "the use of the Internet alone is no more indicative of local jurisdictional contacts than an isolated advertisement in a nationally distributed magazine."

Janel Russell Designs, Inc. v. Mendelson & Assocs., Inc., 114 F. Supp. 2d 856 (D. Minn. 2000)

Court denied motion to dismiss for lack of personal jurisdiction, finding that defendant's contacts with forum state of Minnesota were sufficient to support *prima facie* showing of personal jurisdiction. Plaintiff, Minnesota jewelry designer, brought action against California jewelry manufacturer for infringement of copyright in "Mother and Child" pendant. Defendant sought dismissal, claiming insufficient contacts between it and Minnesota to permit exercise of jurisdiction, or, in alternative, transfer of venue. Court turned to Minnesota long-arm statute, which allows personal jurisdiction over non-resident if due process not violated. Court, maintaining due process is not violated if defendant has sufficient minimum contacts with forum, held plaintiff had sufficient minimum contacts with Minnesota because it shipped products to Minnesota in response to customer orders, purposely availing itself of privilege of conducting activities within Minnesota. Additionally, court noted that copyright infringement is not "mere untargeted negligence," but rather directed, intentional, tortious action against resident of forum. Therefore, defendant could reasonably anticipate being hailed into court in Minnesota to answer for its conduct. Finally, defendant, in its request to transfer venue on basis of *forum non conveniens*, failed to overcome strong judicial preference for permitting plaintiff to choose its forum; granting defendant's request would simply shift inconvenience from one party to other.

C. Pleadings

Brewer-Giorgio v. Producers Video, Inc., 216 F.3d 1281 (11th Cir. 2000)

Plaintiff was alleged expert on theory that Elvis Presley is still alive and published books on subject. On January 20, 1995 — two days before three-year statute of limitations ran on copyright infringement claims — plaintiff sued for infringement of copyright in her books, and various state law claims. Over year later, on January 26, 1996, plaintiff filed applications to register copyrights in television scripts dealing with theories. On February 6, 1996, plaintiff moved to amend complaint to include allegations of copyright infringement of television script. Plaintiff argued claim based on script was not time-barred because she was not making "new claim" but rather making "amendment" which related back to original complaint. Trial court denied motion on ground of undue delay and futility because statute of limitations had run. Court reasoned that "infringement on a copyright of a script is an entirely new and different claim than infringement of a copyright on a book, and it does not arise out of the same conduct, transaction or occurrence." Plaintiff appealed. Reviewing for abuse of discretion, Court of Appeals affirmed, holding that plaintiff's amendment was futile regardless of whether it related back. Court reasoned that even if plaintiff alleged infringement of scripts as part of her January 20, 1995 complaint, court would have had no jurisdiction over such claim because plaintiff must register copyright before instituting suit, and plaintiff had not applied to register scripts until February 6, 1996, long after statute of limitations had run.

Plunket v. Estate of Conan Doyle, Copyr. L. Rep. ¶ 28,237 (S.D.N.Y. 2001)

Court dismissed infringement complaint for failure to plead either sufficient allegations of injury in New York under long-arm statute or sufficient contacts with New York to meet due process burden. Court also dismissed complaint for failure to plead specific original works for which copyright was claimed, plaintiff's ownership of or exclusive licensee status regarding those copyrights, and sufficient detail as to alleged infringing acts. Plaintiff claimed to be exclusive "manager" and licensor of literary rights in works of Sir Arthur Conan Doyle, author of Sherlock Holmes stories. Defendants, Estate and Executors of author's daughter, Dame Jean Conan Doyle, had issued Notice of Termination of rights under which plaintiff claimed to act, and were issuing licenses to third parties, although plaintiff also sought declaratory judgment that Notice was ineffective. Complaint dismissed with leave to amend.

D. Standing

Microsystems Software, Inc. v. Scandinavia Online AB, 226 F.3d 35 (1st Cir. 2000)

Circuit court dismissed appeal by appellant nonparties for lack of standing. Plaintiffs, software developer and distributors, originally sought injunction against defendants, who reverse engineered plaintiff's software consisting of blocking code which prevents children from accessing salacious Internet venues. Defendants' bypass code allowed users to thwart plaintiff's software, and also access list of blocked sites in plaintiffs' program. District court issued permanent injunction on consent enjoining defendants from publishing plaintiff's code on their respective websites. Appellants, who copied plaintiff's code from defendants' website and posted it on their own sites, were permitted by district court to argue against entry of injunction, but declined to intervene in action. Appellants appealed decision by district court, claiming injunction, of which they received notice, interfered with appellants' right to post plaintiff's code. Court dismissed appeal without addressing any copyright or First Amendment claims, finding appellants, who had opportunity to intervene but declined that course, lacked requisite standing to appeal. They were not "parties" in original proceeding, nor did they qualify under any limited exceptions to definition of "party."

Plunket v. Estate of Conan Doyle, Copyr. L. Rep. ¶ 28,237 (S.D.N.Y. 2001)

Court granted defendant's motion for joinder of successors-in-interest to copyrights in works of Sir Arthur Conan Doyle, author of Sherlock Holmes stories. Plaintiff only claimed to be exclusive "manager" and licensor of those rights, but was neither owner nor exclusive licensee, permitting suit under § 501. Defendants, Estate and Executors of Dame Jean Conan Doyle, author's daughter, had attempted to terminate those rights by giving Notice that plaintiff claimed to be ineffective. Ruling that Notice was effective would extinguish rights of missing successors-in-interest, making them necessary parties.

Halwill Music, Inc. v. Walt Disney Records, 55 U.S.P.Q.2d 1222 (S.D.N.Y. 2000)

In copyright infringement suit where separate actions were joined, district court dismissed action brought by GoldRhyme Music Company for lack of standing. Plaintiff GoldRhyme filed action against Walt Disney Records alleging that composition "Can You Feel the Love Tonight" by Elton John, featured in movie *The Lion King*, infringed copyright in composition "Listen to Your Heart" by Glenn Medeiros. GoldRhyme claimed that it was

authorized to protect Medeiros' copyright in composition, affording GoldRhyme standing to bring subject action. Halwill Music, Inc. subsequently filed suit against Walt Disney asserting similar claims. When both GoldRhyme and Halwill actions were joined, Halwill moved for summary judgment arguing that it was only plaintiff entitled to bring subject action against Walt Disney. Court concluded that although composer Medeiros entered into agreements with Halwill in 1988 and GoldRhyme in 1996, GoldRhyme's agreement applied to compositions not previously assigned and thus did not cover work in controversy, "Listen to Your Heart." Therefore, GoldRhyme had no standing to bring infringement action related to "Listen to Your Heart."

Vapac Music Publ'g, Inc. v. Tuff 'N' Rumble Mgmt., 55 U.S.P.Q.2d 1763 (S.D.N.Y. 2000)

Court denied motion to dismiss complaint for infringement of musical composition entitled "Shake a Tail Feather" on ground plaintiff lacked standing. Copyright in song was registered in name of plaintiff's predecessor, and co-defendant was one of three authors listed in certificate. Renewal certificate listed co-defendant as sole renewal claimant. Plaintiff alleged that co-defendant had previously assigned renewal right to plaintiff and that renewal was made subject to plaintiff's copyright ownership. Defendant argued plaintiff lacked standing to bring action because it was not registrant of renewal right, and consequently district court lacked subject matter jurisdiction. Court held plaintiff had standing and court had subject matter jurisdiction because § 411(a) only required that copyright be registered; it did not require plaintiff to be party who actually caused registration to occur. Court also held, following *Rose v. Bourne, Inc.*, 176 F. Supp. 605 (S.D.N.Y. 1959), that renewal of copyright registration does not determine ownership of copyright since mere fact that author renewed copyright and obtained renewal certificate does not preclude possibility that plaintiff owned renewed copyright. Furthermore, court rejected second argument that statute of limitations bars infringement action brought more than three years after author renewed copyright. Since renewal must be made in name of author and, if as plaintiff alleges, author validly assigned renewal rights to plaintiff prior to renewal, then author's renewal in his own name had effect of renewing copyright for benefit of and subject to ownership of plaintiff, and thus could not trigger statute of limitations. Lastly, defendants argued that recorded assignment in 1998 from co-defendant author to defendant record company prevails over 1963 unrecorded assignment from co-defendant to plaintiff. Court held that § 205(d), which deals with priority of transfers, requires that later transfer, in order to prevail, be in good faith and without notice of earlier transfer. Here, plaintiff made *prima facie* showing defendant was at least on "in-

quiry notice" of 1963 assignment. Based on all of foregoing, court held plaintiff had standing.

E. Miscellaneous

Nestle USA v. Virtual Integration Tech., 55 U.S.P.Q.2d 1062 (C.D. Cal. 2000)

Nestle and Virtual Integration Technology ("VIT") entered into "Consulting Services Agreement" providing that Nestle owned all programs produced specifically in performance of Agreement and had right to obtain copyrights. Dispute arose where Nestle asserted exclusive software rights and VIT alleged that it retained all rights in software because it merely customized preexisting software for Nestle. Nestle filed suit against VIT alleging copyright infringement and breach of contract. VIT counterclaimed for declaratory judgment for copyright ownership and infringement and tortious interference for wrongful attempt to register unenforceable copyright. Nestle argued that counterclaims based on its copyright application fail because application is protected by California's Civil Code litigation privilege. Nestle asserted that copyright application is absolutely privileged as communication made in connection with instant judicial proceeding. VIT argued that privilege did not apply because communication had both litigation and nonlitigation purposes. Court relied on "dual purpose" test in which California's highest court stated that prelitigation communication need only have "some relation to anticipated lawsuit" to qualify for privilege. Consequently, court held that Nestle's copyright application is absolutely privileged as communication made in judicial proceeding and dismissed VIT's counterclaims based on Nestle's copyright application.

Design Craft Fabric Corp. v. K-Mart Corp., Copyr. L. Rep. ¶ 28,217 (N.D. Ill. 2001)

Defendants were sued for copyright infringement for using copyrighted fabric on outdoor furniture. In third party complaint, defendants sought indemnification for copyright infringement and claimed contributory infringement against fabric designer who misrepresented that she owned rights to pattern she sold to defendants. Court denied summary judgment on copyright infringement claim, reasoning that there is no right to indemnification under Copyright Act. Defendants also failed to argue any state law or any other legal theory entitling them to indemnification. In denying defendants' claim for contributory infringement, court found defendants did not have standing because they did not own copyright or hold exclusive license to copyright which would permit bringing infringement claim.

Paul Morelli Design, Inc. v. Merit Diamond Corp., Copyr. L. Rep. ¶ 28,170 (E.D. Pa. 2000)

Plaintiff alleged defendant infringed its copyrighted design for "Wavey Vine" jewelry. To refute claim, defendant presented copies of two pages of design drawings that purportedly predated plaintiff's copyright registrations. Plaintiff moved to compel production of original documents for inspection and expert testing. Defendant asserted that testing may result in destruction of drawings. Court granted motion to compel production of original drawings, but ordered plaintiff not to subject documents to testing that may result in partial or complete destruction without first filing affidavit by plaintiff's expert stating not possible to reach reliable opinion regarding authenticity and age without potentially destructive testing. Additionally, defendant entitled to have representative and expert present to observe testing.

II. COPYRIGHTABILITY

A. Compilations

EPM Communications, Inc. v. Notara, Inc., 56 U.S.P.Q.2d 1144 (S.D.N.Y. 2000)

Court denied plaintiff's motion for preliminary injunction, concluding defendant's copying of substantial portion of plaintiff's licensing industry directory did not infringe plaintiff's copyright. Defendant copied listings from plaintiff's directory for purposes of on-line industry directory of licensees and licensors. Court initially held directory satisfied three requisites for copyrightable compilation insofar as directory was: (1) "a collection and assembly of pre-existing material, facts or data; (2) "selection, coordination, or arrangement of those materials"; and (3) "creation, by virtue of the particular selection, coordination, or arrangement, of an 'original' work of authorship." Moreover, court observed that defendant had not rebutted *prima facie* showing of validity of copyright consisting of plaintiff's certificates of copyright registration. But court observed copyright in compilation is "thin" and that test for infringement "is substantial similarity between those elements . . . that provide copyrightability to the allegedly infringed compilation." Court found no substantial similarity between arrangement of defendant's database and plaintiff's directory because, in computerized context, database arrangement could not be perceived. Court further found that although defendant copied approximately 92% of plaintiff's listings, when calculated one way, it was only 55% when calculated another way. Moreover, approximately 60% of defendant's database was not from plaintiff's directory. On this basis, court held database was not substantially similar to directory, and consequently would not support finding that plaintiff was likely to succeed on claim.

Marobie-Fl., Inc. v. National Association of Fire Equip. Distribs., Copyr. L. Rep. ¶ 28,134 (N.D. Ill. 2000)

Court granted summary judgment for plaintiff, upholding copyright as original selection and arrangement of preexisting material. Plaintiff sued, alleging web page of defendant contained copyrighted clip art. Plaintiff had developed three volumes of computer clip art drawings and graphics for use by fire service industry, gathering over 800 diagrams and images from various companies and organizations, selecting and arranging material, and applying for and receiving copyright registrations for each volume. Court granted plaintiff's motion for partial summary judgment, holding defendant directly infringed all three volumes of clip art. Defendant moved for reconsideration, arguing that newly discovered evidence revealed that plaintiff had copied its clip art for Volume I from among 20,000 images compiled by third party Corel Corporation, and therefore was not entitled to copyright protection. Court granted motion to reconsider as to Volume I, and thereafter plaintiff renewed motion for summary judgment as to validity of copyright. Plaintiff denied copying images from Corel. Plaintiff argued further that, even if it did, (1) images were in public domain and not subject to copyright protection individually, and (2) it did not copy original elements of Corel's work. Court granted renewed motion for summary judgment, finding plaintiff's copyright valid. Court held (1) individual images which made up Corel's compilation were not themselves subject to copyright protection, since they were images of standard fire safety and warning signs in public domain; and (2) plaintiff did not copy "original" elements of Corel's compilation since it did not copy "principles guiding the original selection of the compilations." Specifically, plaintiff had selected those images it thought would be of greatest interest to fire industry, named images, and ordered them in manner to make it easier for firefighters to find what they needed. Corel, in contrast, had arranged its images under categories of "Fire" and "Signs," each of which contained seemingly random assortment of images, and these categories were arranged alphabetically among many others. Plaintiff's motions for summary judgment on validity and defendant's liability granted.

Dahlen v. Michigan Licensed Beverage Ass'n, 132 F. Supp. 2d 574 (E.D. Mich. 2001)

District court denied parties' cross-motions for summary judgment. Plaintiff and her sister developed poster entitled "We Care About You" to advise bar patrons of information relating to drinking and driving, using information from public sources such as Internet, law enforcement agencies, and Michigan statutes. Plaintiff proffered poster to defendant, statewide trade association of liquor license holders. Defendant declined to purchase plaintiff's poster, and instead created its own poster, entitled

"Do You Know Your Rights?," with "considerable overlap" in subject matter and "somewhat similar" layout. Plaintiff sued for infringement, and both parties moved for summary judgment on infringement claim. Defendant argued, *inter alia*, that plaintiff's reliance on "brute facts" and public domain materials defeated claim of copyright protection for text of poster. Court found, however, that plaintiff's selection and arrangement of facts and pre-existing material was not so obvious or inevitable as to lack minimal creativity necessary to transform mere selection into copyrightable expression. Moreover, evidence indicated that text was not verbatim reproduction of pre-existing material, but was instead paraphrased to, e.g., omit "ten dollar words" found in statutes. It was thus not clear as matter of law that text lacked requisite originality to qualify for copyright protection. Similarly, court rejected defendant's assertions that layout of plaintiff's poster was "typical," "obvious" and "unoriginal," noting layout included numerous features not essential to informational poster, including boldface type, enlarged block of text at top, use of bold or capitalized letters to emphasize certain words and phrases, bullet points highlighting various facts, box of text in middle of poster surrounded by two columns of additional text, and border around outer edges of poster. Court, accordingly, found layout of poster also possessed requisite "minimal level of creativity" to qualify for copyright protection.

Adelman v. Christy, 90 F. Supp. 2d 1034 (D. Ariz. 2000)

District Court granted defendant's motion for summary judgment regarding plaintiff's claims for copyright infringement. Plaintiff alleged defendants, husband and wife co-authors, improperly used her research work to write book on urine therapy. Plaintiff owned copyright in bibliography, which was compilation of publicly available facts, only subject to minimal protection under copyright law. Defendants' use of sources, while representing shortcut to fruits of plaintiff's research labor, did not violate copyright law. Despite plaintiff's successful registration of copyright bibliography, court held claim for infringement misapplied copyright law because she did not hold copyright in any of underlying resources; rather, she held copyright only in compilation of source material on her specific topic. Use of sources listed in bibliography for research does not appropriate plaintiff's expression.

B. Pictorial, Graphic and Sculptural Works

Lim v. Green, No. 99-16538, 2000 U.S. App. LEXIS 29291 (9th Cir. Nov. 13, 2000)

Ninth Circuit affirmed grant of summary judgment in favor of defendants, holding copyright infringement claim failed as matter of law. Plaintiff ar-

gued that "Scarf Cap" was "soft sculpture" entitled to copyright protection. Evidence, however, indicated clearly that cap was mass-produced clothing item designed to appeal to motorcycle riders; hence no reasonably jury could find it entitled to copyright protection.

Weindling Int'l, Corp. v. Kobi Katz, Inc., 56 U.S.P.Q.2d 1763 (S.D.N.Y. 2000)

Plaintiff sought declaratory judgment that its gold and diamond "bridge" ring did not infringe defendants' copyrighted ring design, and that defendant's copyright registration was invalid. Defendants counterclaimed for copyright infringement. Defendants' ring, designed in 1992, had achieved substantial commercial success, and plaintiff concededly had access to defendants' ring when it designed its own. Court found plaintiff copied design, seeking to "cash in." Plaintiff, however, denied design was copyrightable, adducing evidence that all components of defendants' design were familiar in commercial jewelry circles prior to 1992, and that defendants' design involved only trivial choices, dictated largely by function, from limited possibilities available. Court disagreed, noting (1) various rings, catalogues, and design books in evidence showed numerous options available to designer of diamond "bridge" ring; (2) defendants' design choices were not dictated by function alone, but were determined materially by design considerations; (3) analyzing defendants' ring in terms of component parts was improper, since asserted copyright was for combination of components into original design; and (4) no pre-1992 ring substantially similar in design to defendants' was in evidence. Defendants, on other hand, adduced substantial evidence that design was product of independent and creative imagination of designer, who made numerous choices in implementing inspiration, including whether to design ring or bracelet, what metals and stones to use, shape and size of diamonds, shape and size of supports, setting for marquis diamond, etc. Furthermore, existence of other "bridge" rings of markedly different visual impact showed that functional considerations did not dictate result. Accordingly, while court found it "extremely doubtful" that defendants' ring "will ever be featured in the Museum of Modern Art," its unique combination and arrangement of uncopyrightable elements into particular design with "distinctive feel" was entitled to copyright protection. Court dismissed plaintiff's claims for declaratory judgment, and granted defendants' counterclaims for injunctive relief.

Eastern Am. Trio Prods., Inc. v. Tang Elec. Corp., 97 F. Supp. 2d 395 (S.D.N.Y. 2000)

District court held that plaintiff's registration of sales catalogues as compilations gave plaintiff right to sue for infringement of individual photo-

graphs in catalogues. Defendant directly copied from plaintiff's catalogues certain individual copyrightable photographs of products, including photographic errors, and computer-enhanced images, but did not copy entire catalogues. Court rejected defendant's argument that its catalogue as whole was not substantially similar to plaintiff's. Although copyright protection for compilations may extend to selection, coordination and arrangement of components found in public domain, protection also extends to individual original works of author of compilation. Plaintiff's placement of copyright notice on each page of catalogues placed defendant on notice that each individual work was protected by copyright.

Galiano v. Harrah's Operating Co., Copyr. L. Rep. ¶ 28,199 (E.D. La. 2000)

In action for infringement of business uniform designs, district court denied plaintiffs designers' motion for summary judgment despite *prima facie* evidence of copyright certificate for designs, and held material issues of fact remained concerning, *inter alia*, copyrightability of designs as separable artistic elements of clothing. Defendant casino owner hired plaintiffs to develop line of uniforms for its employees. Sketches of proposed uniforms were created at meeting attended by plaintiffs and defendant's employees. Defendant later contended plaintiffs were unable to manufacture or create patterns for uniforms and contracted with third party to manufacture uniforms. Thereafter, plaintiffs obtained registration certificate for uniform sketches. At outset, court opined that several issues of material fact existed as to whether copyright was even valid. As to subject matter, court observed that copyright protection has been extended to "the separable artistic, non-useful elements of apparel, such as an embroidered design on clothing, distinctive striping and color patterns, placement of appliques, jacquard patterns, costume elements, and novelty features." On basis of review of sketches' color scheme and "contrasting ribbed borders," court held "genuine issue of material fact" remained whether in relation to clothing there existed copyrightable separable, artistic elements, and denied plaintiffs' motion for summary judgment.

C. *Originality of Authorship*

Ets-Hokin v. Skyy Spirits, Inc., 225 F.3d 1068 (9th Cir. 2000)

Over vigorous dissent, Ninth Circuit reversed summary judgment by Central District of California to hold that simple, objective advertising photograph of Skyy® vodka bottle was copyrightable, and remanded for determination of scope of protection against look-alike photos of same bottle. District court found that plaintiff had no copyright in photographs because they lacked sufficient originality. Because they incorporated de-

fendant's vodka bottle, court analyzed photos as derivative works, which, following *Entertainment Research Group, Inc. v. Genesis Creative Group, Inc.*, 122 F.3d 1211, 1220-21 (9th Cir. 1997), are copyrightable only if (1) they show "more than trivial" differences with underlying work, and (2) protecting them does not interfere with Skyy's right to create its own derivative works based on same bottle. District court held these conditions were not satisfied. Ninth Circuit majority reversed, and remanded for further proceedings as to infringement. Ninth Circuit emphasized that test of copyrightability is same for advertising and commercial works as for fine art, and that photographs meet this standard if they incorporate original elements resulting from creative decisionmaking by photographer, such as positioning of subject, lighting, camera angle, and even choice of film and camera. Also, because plaintiff's works were registered by Copyright Office, they enjoyed rebuttable presumption of originality and burden thus fell to defendants to show that works were not copyrightable. Applying *Feist*, Ninth Circuit held "[i]n view of the low threshold for the creativity element, and given that the types of decisions Ets-Hokin made about lighting, shading, angle, background and so forth have been recognized as sufficient to convey copyright protection, we have no difficulty in concluding that the defendants have not met their burden of showing the invalidity of Ets-Hokin's copyright, and that Ets-Hokin's product shots are sufficiently creative, and thus sufficiently original, to merit copyright protection." Unlike district court, Ninth Circuit concluded that photos are not derivative works, based on bottle, but independent works of authorship. Thus, "more than merely trivial variation" standard for derivative work originality, which district court borrowed from *Entertainment Research Group*, did not apply. Court's basic rationale for finding that photos are not derivative works was that derivative works must, by definition, be based upon or incorporate copyrightable underlying work, and vodka bottle at issue is not copyrightable. Accordingly, Ninth Circuit held that bottle could not be "preexisting work" underlying plaintiff's photos, and thus in turn photos could not be derivative works.

O'Well Novelty Co. v. Offenbacher, Inc., 55 U.S.P.Q.2d 1828 (4th Cir. 2000)

On appeal of judgment for defendant in copyright infringement case, Fourth Circuit affirmed denial of plaintiff's post-trial motions for relief from judgment and affirmed attorneys' fees award for defendant. Plaintiff manufactured and distributed miniature porcelain houses designed from existing photographs. Defendant retailer, dissatisfied with plaintiff's inability timely to ship orders, purchased miniature houses from another distributor aligned with manufacturer that produced miniature houses from same molds used for plaintiff's houses. Plaintiff brought infringement ac-

tion founded upon 1997 copyright registration for collective work relating to more than 200 miniature houses. Jury returned verdict for defendant, finding plaintiff failed to prove by preponderance of evidence that (1) collection of houses was original work, (2) individual houses were copyrightable, and (3) defendant infringed plaintiff's copyright. On appeal, plaintiff cited several trial errors, maintaining that jury's verdict was not supported by evidence and jury instructions incorrectly stated law. Fourth Circuit summarized that copyright registration for collective work was prima facie evidence of copyright's validity and that presumption was rebuttable by showing work was not original or that copyright registration was invalid. Court added that collective work qualifies as original if selection or arrangement of included works was made independently and displayed "some minimal level of creativity." Court held jury could reasonably conclude plaintiff's collective work failed to meet minimal creativity requirement on basis of plaintiff's trial testimony establishing wholesale inclusion of all manufactured houses in collective work. Court observed, concerning copyrightability of underlying works, that jury reviewed evidence relied upon by sculptors of works. Court declined invitation to "second-guess a jury's finding on a subject uniquely within the jury's ken." As to jury instructions, plaintiff challenged instruction that each of underlying works must be copyrightable and that derivative work must represent "substantial variation" from any preexisting work to qualify as original work deserving protection. Court held instruction was correct statement of law and that plaintiff erroneously relied upon case law relating to compilations that were not also collective works, latter defined under Copyright Act as "a work . . . in which a number of contributions, constituting separate and independent works in themselves, are assembled into a collective whole." Court held instruction on derivative works was also correct and comported with Supreme Court's definition in *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340 (1991).

County of Suffolk v. Experian Info. Solutions, Inc., 56 U.S.P.Q.2d 1043 (S.D.N.Y. 2001)

On motion for reconsideration, district court granted defendant's motion to dismiss plaintiff's infringement claim. Plaintiff created tax maps that indexed ownership, size and location of real property in county subdivisions. County created new tax maps annually to reflect changes in parcels of land. Plaintiff registered copyright claims in maps, including new and amended versions, and offered maps to public with copyright notice affixed. Complaint alleged that defendants published and marketed CD-ROM containing maps. Defendant moved to dismiss, arguing tax maps lacked originality; that government works were in public domain and therefore not copyrightable; and that New York Freedom of Information

Law ("FOIL") "bars plaintiff from owning copyright in tax maps." In originally denying defendant's motion to dismiss, court held real estate maps are copyrightable, and that plaintiff could offer evidence of originality to support infringement claim, and declined to rule that tax maps were in public domain. Court also agreed with plaintiff that FOIL requires access to tax maps, but not right to reproduce, publish and sell maps. 54 U.S.P.Q.2d 1924 (S.D.N.Y. 2000). Defendant moved for reconsideration on ground that FOIL, and newly issued advisory opinion prepared by Committee on Open Government, state agency charged with administering FOIL, allowed defendant to copy and distribute maps, which were public records. Opinion determined that state agency could not copyright public records and restrict their use. Court, though not bound by advisory opinion, deferred to agency's interpretation of law, which court found neither irrational nor unreasonable, and for which opinion provided extensive analysis and support. Basis of opinion was that tax maps are function of state government. Purpose of FOIL is to make government open and to provide free access to its records. Court found this not to conflict with purpose of Act, which provides protection to authors to create economic incentive to creation. Government agencies, in contrast, do not prepare public records for economic gain. Plaintiff here has no commercial interest in preparing tax maps, but rather statutory obligation to prepare them. Accordingly, ruling against plaintiff will not create disincentive for counties to create tax maps.

Torah Soft, Ltd. v. Drosnin, 136 F. Supp. 2d 276 (S.D.N.Y. 2001)

Court granted defendants' motion for summary judgment, dismissing infringement claim based on inclusion in book of printouts of Bible code matrixes generated by plaintiff's database and software. Defendants were author, publishers and distributors of *The Bible Code*, non-fiction book on subject of "Bible code," foretelling future events, that scholars maintain is embedded in Hebrew Bible. Code is "revealed by finding words and phrases which appear in the Bible at equidistant letter skips." After letters are organized in stacked rows to create matrix, code is "revealed in words or phrases that transect the searched word or appear in statistically close proximity to it in the matrix." Plaintiff's principal, Yochanan Spielberg, placed on database three parts of Hebrew Bible, including Torah and those portions of books of Prophets and Writings he considered authentic, replacing consonants that normally appear in different form at end of word with non-final consonants. Database complied with *sheimot* doctrine, which "prohibits forming the letters that constitute certain of the several Hebrew names of God in a medium that is expected to be deleted," by replacing certain Hebrew letters with non-Hebrew symbols. Spielberg created software for searching text that preserved accuracy of

results despite inclusion of symbols. Author of book bought copy of software, and reproduced in book approximately 100 printouts of software's output of matrixes of Bible code finds. Court rejected defendants' argument that matrixes authored by end-user who inputs search queries are not "fixed" in database or software; as with video games, court reasoned, "the output is repeatable whenever the input is identical." However, court, applying abstraction-filtration-comparison analysis from *Computer Assocs. Int'l, Inc. v. Altai, Inc.*, 982 F.2d 693 (2d Cir. 1992), held database and software lacked sufficient originality to merit copyright protection. Changes made by Spielberg to Bible in database did not amount to copyrightable compilation. Use of non-final consonants and *sheimot* changes, "dictated by the technological requirements of Bible Code software and the end-user market," were functional and merely scènes à faire. Further, selection of symbols to substitute for Hebrew letters required nothing more than *de minimis* creativity. In addition, court deemed selection of authentic portions of Prophets and Writings "nothing more than a trivial distinguishable variation" and rejected notion that "sweat of the brow" expended by Spielberg in making selection rendered them protectible. Matrix format in which search results displayed was not independently created by Spielberg, but rather is "stock feature" of Bible code software. Moreover, software's ability to display multiple Bible code finds on one matrix "merges with the idea of the Bible code, which ascribes particular significance to finds that intersect one another." Both display of multiple finds on one matrix and algorithm that searches for least common letter of search term constitute unprotectible methods of operation.

SHL Imaging, Inc. v. Artisan House, Inc., 117 F. Supp. 2d 301 (S.D.N.Y. 2000)

Partial summary judgment granted to plaintiff on issue of copyright liability. Defendant manufacturers hired plaintiff, professional photographer, to photograph mirrored picture frames. Plaintiff selected and supplied all photographic and lighting equipment and, assisted by own employee, set up lighting, hung frames and took photos over four-day shoot at defendants' factory. Defendants asserted they instructed how photographs should be taken, but offered no specifics. Parties agreed photos were to be used as color slides by defendants' sales force, but defendants also used them in catalogue and brochures, offered them as magazine comps, and scanned them into computer for manipulation and display to customers. Plaintiff sued for copyright infringement, and defendants moved for summary judgment on grounds that, *inter alia*, photos were not original. Defendants argued photos, because they depict defendants' frames, are derivative works that must satisfy higher standard of "substantial" origi-

nality. Court found photos not derivative works, since they merely depict defendants' frames, and do not recast, adapt or transform any authorship in them. (Court distinguished its reasoning from that of *Ets-Hokin v. Skyy Spirits, Inc.*, 225 F.3d 1068 (9th Cir. 2000), in which Ninth Circuit concluded photograph of vodka bottle was not derivative work, but only after determining bottle was not independently copyrightable, and thus not preexisting work.) Substantial evidence showed plaintiff employed significant aesthetic judgment in determining totality of selection of lighting, camera angles, lenses and filters, meeting minimal originality requirements. Photos, however, are not entitled to broad copyright protection; plaintiff cannot prevent others from photographing same frames, or using same lighting techniques and blue sky reflection in mirrors.

Penguin Books U.S.A., Inc. v. New Christian Church of Full Endeavor, Ltd., 55 U.S.P.Q.2d 1680 (S.D.N.Y. 2000)

District court held that plaintiffs' *A Course in Miracles*, New Age spiritual work of over 1,000 pages consisting of text, workbook for students, and manual for teachers, met originality requirement. Work was prepared by psychology professor who heard "Voice" that told her to write down what Voice said. Professor "identified the Voice as 'Jesus,' and she thereafter apparently thought of herself as a scribe taking down the words of Jesus." Professor dictated notes, with revisions, which were typed by another professor. Professors split work into chapters and sections, added titles and headings, and made revisions. Throughout process, professors "felt they were guided by the Voice, and that their personal preferences and concerns played no important role in the editing decisions." Defendants copied and printed materials from *Course*, and posted substantial portions on Internet. Plaintiffs sued for infringement and moved for summary judgment and preliminary injunction. Defendants argued copyright invalid because work was "not an original work of [professor] but of Jesus." Court found work met originality requirement on two separate grounds. First, work could be protected as compilation of facts, with originality in selection, coordination and arrangement of materials. Even if *Course* had "celestial" or "divine" origins, it would not have come into tangible form without input of human beings. In addition, many revisions and additions were initiated by professors, and only "approved of" by Jesus. Second, court held work copyrightable as original work authored by professor, reasoning that "dictation from a non-human source should not be a bar to copyright." Court rejected argument that plaintiffs were "factually estopped" by prior representations from claiming work authored by professor rather than Jesus. Plaintiffs "never claimed it to be a scientifically verifiable fact that the Voice who spoke to [professor] was the voice of Jesus." Instead, professor was "a scribe for a voice she heard in her own

mind"; belief that Voice was Jesus could not be "verified in a court of law according to the rules of evidence." Thus, "it is irrelevant for copyright purposes whether Jesus wrote the Course." Although some factual questions concerning some defenses precluded summary judgment, court granted preliminary injunction.

Diamond Direct, LLC v. Star Diamond Group, Inc., 116 F. Supp. 2d 525 (S.D.N.Y. 2000)

District court granted summary judgment in favor of defendant, dismissing infringement claim. Plaintiff jeweler sued defendant claiming that defendant copied multi-tiered ballerina style ring design which included unique centrally arranged stone clusters. Defendant argued that design lacked minimal level of creativity necessary for copyright protection. In dismissing claim, court concluded that defendant's ring was not substantially similar to plaintiff's. Court, in discussing copyrightability issues, did not assess whether plaintiff's ring met requisite level of creativity to merit copyright protection.

Taggart v. WMAQ Channel 5 Chicago, 57 U.S.P.Q.2d 1083 (S.D. Ill. 2000)

Court dismissed infringement suit brought by prison inmate to prohibit television station from using his videotaped interview. Court held plaintiff's complaint failed to state claim because copyright registration is condition precedent to filing infringement action. Further, complaint, even if amended to cure defect, would still fail to state claim. Court, following *Falwell v. Penthouse Int'l, Ltd.*, 521 F. Supp. 1024 (W.D. Va. 1981), stated that to qualify as author one must create work, i.e., translate ideas into fixed, tangible expression entitled to copyright protection. Here, videotape of plaintiff's interview is tangible medium. However, responses in published interview are not expression of idea for purpose of copyright laws, but are simply ideas, not subject to copyright protection. Plaintiff's reading of copyright law to protect his interview comments as work of authorship conflicts with most fundamental axiom of copyright law that no one may copyright ideas or facts narrated by him, court concluded.

Don Post Studios, Inc. v. Cinema Secrets, Inc., 124 F. Supp. 2d 311 (E.D. Pa. 2000)

Plaintiff created prototype of mask worn by serial killer character Michael Myers in 1978 movie *Halloween* by modifying mask of television character Captain Kirk which plaintiff had previously created using foam master of actor William Shatner's head. Plaintiff did not assert or reserve rights in mask worn in film. In 1981, *Halloween* filmmakers rejected plaintiff's request for license to market mask. Plaintiff hired sculptor in 1985 to create

"Don Post the Mask" ("DPTM"), providing him with same foam master used to make Captain Kirk mask. DPTM was commercial success. In 1997, Copyright Office rejected plaintiff's application for registration in which DPTM was claimed to be derivative work of pre-existing mask and which was prepared by attorney who had Captain Kirk mask and copy of mask used in movie. Plaintiff hired different lawyer to file second application, without informing him of first application or of other masks. Copyright Office granted registration for DPTM as original creation in 1998. In 1999, pursuant to license from owner of *Halloween* copyright, defendant produced Michael Myers mask based upon videotape of *Halloween* movie. Plaintiff claimed that defendant's mask infringed copyright in DPTM. Finding for defendant, district court held that plaintiff's copyright registration was invalid because "DPTM is a copy of the mask that appeared in the movie Halloween" and therefore lacked originality. Court reasoned that both DPTM and mask worn in *Halloween* movie were "derived from the same foam master of the head of William Shatner," *Halloween* filmmakers had rejected plaintiff's request for license, plaintiff had attempted to "evoke an association with the character Michael Myers in its marketing of DPTM," and masks were similar. In addition, court held that defendant's Michael Myers mask was independently created.

D. Derivative Works

Janel Russell Designs, Inc. v. Mendelson & Assocs., Inc., 114 F. Supp. 2d 856 (D. Minn. 2000)

Granting plaintiff's motion for preliminary injunction on copyright infringement claim, district court held that plaintiff's copyright in "Mother and Child" jewelry pendant design extended to identical design encircled in heart shape. Plaintiff had certificate of copyright registration for "Mother and Child" pendant, but Copyright Office refused to grant additional registration for plaintiff's claimed derivative work of heart-shaped "Mother and Child" design on ground that new design lacked sufficient additional authorship. Defendant manufactured and sold heart-shaped "Mother and Child." Defendant argued that plaintiff's heart-shaped pendant was not "derivative work" protected under Copyright Act, because Copyright Office found insufficient originality in heart-shaped design to support separate copyright. Therefore, defendant argued, plaintiff lacked copyright interest in heart-shaped "Mother and Child" pendant. District court reasoned that, whether or not plaintiff's heart-shaped design is derivative, lack of sufficient difference between original and heart-shaped designs is what caused Copyright Office to refuse additional registration. Additional registration would merely have protected modifications to preexisting work, and elements incorporated from original design continued to be protected by original copyright. Court reasoned, therefore, that

Copyright Office's refusal to grant additional certificate of registration supported, rather than undermined, plaintiff's claim of protected, registered copyright interest in heart-shaped pendant based on original design's certificate of registration. Additionally, copyright in unregistered derivative work can give rise to liability based upon copyright ownership in original work from which it is derived. Court found that plaintiff established protectible copyright interest in work, copying on part of defendant, and substantial similarity between disputed works. Accordingly, court granted plaintiff's motion for preliminary injunction.

E. Architectural Works

Richard J. Zitz, Inc. v. Pereira, 232 F.3d 290 (2d Cir. 2000)

Second Circuit affirmed denial of relief for copyright infringement of architectural works, holding plaintiff's townhouse was "substantially constructed" before December 1, 1990, and, hence, was ineligible for copyright protection under Architectural Works Copyright Protection Act ("Act"). Act extended copyright protection to architectural works that were not works of art and deemed ineligible works "constructed or otherwise published before December 1, 1990." Court rejected plaintiff's argument that "constructed" meant "finished," concluding latter term was "hopelessly vague." Court held "substantially constructed" comported with congressional intention and that "equivalent of publication occurs when others can readily see — and copy — the work in question."

Leicester v. Warner Bros., 232 F.3d 1212 (9th Cir. 2000)

In 2-to-1 decision, Ninth Circuit affirmed finding after bench trial that use of Los Angeles streetwall towers in film *Batman Forever* did not infringe rights of artist, who created public courtyard space, pursuant to exemptions for pictorial representations of buildings under § 120(a) of Architectural Works Copyright Protection Act of 1990. Artist was commissioned in 1989 to create streetwall for office building under construction. "Streetwall" consisted of five towers and gates along street to form wall and entrance to courtyard and office building. Two were topped with brass metalwork design, two others with grillwork of concentric rings that symbolized 1930s-era radio waves and modern telecommunications signals, and one with vampire figure. Film company used building and streetwall in movie. Circuit court held that towers were integral part of building because they were in alignment with building to give visual effect of wall, used same marble to give impression that building continued until end of property line and had identically appearing base features and visually matching design features on building. Ninth Circuit concluded that if streetwall was part of building, it was not conceptually separate and enti-

tled to individual protection. Congress exempted acts such as public photographing of buildings, including its integral parts like streetwall, from prosecution, court held. Concurring judge disagreed that district court found streetwall towers were "conceptually separate" from building but instead held it unnecessary finding where § 120(a) now limited conceptual separability concept to situations not involving architectural works. Dissenting judge argued that artistic works that are part of, but conceptually separate from, architectural works can enjoy full copyright protection despite § 120(a), and thus, voted to reverse and remand for factual finding as to whether streetwall was conceptually separate from building.

F. Miscellaneous

Veeck v. Southern Bldg. Code Cong. Int'l, Inc., 241 F.3d 398 (5th Cir. 2001)

Court of Appeals affirmed grant of summary judgment to defendant, holding plaintiff-appellant infringed defendant-appellee's ("SBCCI") copyright by posting SBCCI's copyrighted model building codes on Internet. SBCCI is non-profit organization that develops, promotes and promulgates model codes, and encourages local governments to enact codes into law by reference, without cost to governmental entity. Plaintiff operates non-profit website providing information on building codes. Plaintiff visited several Texas towns and attempted without success to obtain copies of local codes at bookstores and libraries. Plaintiff then ordered copies of codes from SBCCI and posted codes on website. When SBCCI sent cease-and-desist letter, plaintiff sued, seeking declaration copyright in codes was invalid. SBCCI counterclaimed, contending plaintiff's posting of codes constituted infringement. District court granted summary judgment in favor of SBCCI, holding SBCCI held valid, enforceable copyrights. 49 F. Supp. 2d 885 (E.D. Tex. 1999). Appeals court rejected plaintiff's contention that due process requirement of free public access to building codes placed codes in public domain when adopted as law. First, there was no probative evidence codes are not publicly available. Second, public policy considerations favored enforcing copyrights. Government agencies, court noted, need detailed codes and standards, but generally lack resources to produce them. Rule that model codes enter public domain upon adoption by public agency would create disincentive to organizations to continue to develop codes. (In contrast, court in *County of Suffolk v. Experian Info. Solutions, Inc.*, 56 U.S.P.Q.2d 1043 (S.D.N.Y. 2001), *supra*, noted plaintiff there had statutory obligation to prepare tax maps in question, and found ruling against plaintiff would not produce disincentive for counties to create further such maps.) Court also affirmed district court rejection of plaintiff's merger, First Amendment, misuse, waiver and fair use defenses.

III. OWNERSHIP

A. Works Made For Hire

Richard J. Zitz, Inc. v. Pereira, 232 F.3d 290 (2d Cir. 2000)

Second Circuit affirmed district court's dismissal of plaintiff home builder's action which alleged copyright infringement of architectural plans of two townhouses and of architectural work for one townhouse, holding plaintiff's copyrights were invalid because plaintiff was neither author nor owner of copyrighted works. Court further held that copyrights in architectural plans had not been assigned to plaintiff and that plans were not works for hire. (Court considered copyright infringement relating to architectural work for second townhouse in separate opinion.) Plaintiff drew floor plans for two townhouses and provided plans and models to licensed engineer who drew architectural plans. Plaintiff filed copyright applications which included plans and three-dimensional model prepared by plaintiff's father for one townhouse. Upon Copyright Office Examiner's inquiry, plaintiff amended copyright applications to indicate engineer's employer as co-author and, further, to provide that ownership of drawings had been "absolutely transferred by assignment to the claimant corporation." Plaintiff's action claimed that defendants infringed copyright when they built townhouses allegedly based upon plaintiff's copyrighted architectural plans and works. Court concluded plaintiff was not author of architectural plans because testimony established that plaintiff had not "actually drawn" single line in blueprints deposited with Copyright Office. Court also held that record failed to establish any evidence of intent by plaintiff or engineer to create joint work. Further, court held there was no work for hire under copyright statute because engineer was not plaintiff's employee. Court also concluded architectural work did not fall under any one of nine enumerated categories defining "specially ordered or commissioned" works under statute. Concerning architectural plans, court held plaintiff failed to take ownership of copyright by assignment in absence of written and signed agreement required by statute. As to copyright in architectural work for one townhouse, court determined that plans and model, as only conceivable works of authorship, were created by, respectively, engineer and plaintiff's father. Court held that consequently "any intellectual property" did not belong to plaintiff.

Mid-South Inst. of Self Def. Shooting, Inc. v. Habermehl, Copyr. L. Rep. ¶ 28,114 (6th Cir. 2000)

Sixth Circuit affirmed district court's grant of summary judgment for defendant. While teaching at plaintiff's school, defendant authored biography and allowed plaintiff to include it in promotional brochure. Plaintiff obtained certificate of registration, claiming brochure was work made for

hire. Defendant left school to establish competing organization and created own advertising and marketing brochure using his biography and some other words and phrases from plaintiff's brochure. Plaintiff sued for copyright infringement and district court granted defendant's motion for summary judgment, holding that plaintiff's brochure was not work for hire because defendant was not employed, and no written agreement existed making independent contractor's work one made for hire. Appellate court affirmed district court conclusion that testimony, stipulations, and admissions at status conference provided sufficient evidence and admissions for defendant to rebut presumption of plaintiff's ownership of valid copyright because (1) defendant did not protest characterization of plaintiff as independent contractor; (2) defendant stipulated there was no work for hire agreement and provided plaintiff with 1099-S form; and (3) defendant stipulated that plaintiff first authored subject material, and subsequent editing did not materially change content of expression.

Niss v. Columbia Pictures Indus., Inc., 57 U.S.P.Q.2d 1346 (S.D.N.Y. 2000)

On cross-motions for summary judgment, court held that 1968 George Peppard police film *Pendulum*, and underlying screenplay and story outline, were works made for hire, owned by film studio rather than heir of individual writer/producer Stanley Niss. *Pro se* plaintiff alleged that film studio only acquired rights in works by assignment, and thus that renewal-term rights reverted to plaintiff when Niss did not live into start of renewal period. Defendant contended that works belonged to studio as works-for-hire, and that no reversion of renewal rights to plaintiff occurred. Court held, without oral argument, that outline, screenplay and film were all works made for hire under 1909 Copyright Act. Characterizing case as "essentially one of contract interpretation," court cited and quoted from voluminous documentary evidence establishing that film and screenplay were made at "instance and expense" of defendant. As to initial three-page story outline, court found that it was made at instance and expense of Columbia's predecessor, MGM, even though record was silent as to whether Stanley Niss had formal employment relationship with studio when he conceived and created outline. Because work was not fully fleshed-out story, and was written only days before MGM hired Niss to develop it into screenplay, court found that outline was created at employer's instance even if no contract was in effect at time of creation. Court did not credit plaintiff's alternative version of events leading to production of film, noting that plaintiff ignored "clear language in various agreements and contracts while spinning his own tale to support his position." Appeal is now pending in Second Circuit.

SHL Imaging, Inc. v. Artisan House, Inc., 117 F. Supp. 2d 301 (S.D.N.Y. 2000)

Partial summary judgment granted to plaintiff on issue of copyright liability. Defendant manufacturers hired plaintiff, professional photographer, to photograph mirrored picture frames. Plaintiff selected and supplied all photographic and lighting equipment and, assisted by own employee, set up lighting, hung frames and took photos over four-day shoot at defendants' factory. Defendants asserted they instructed how photographs should be taken, but offered no specifics. Parties agreed photos were to be used as color slides by defendants' sales force, but defendants also used them in catalogue and brochures, offered them as magazine comps, and scanned them into computer for manipulation and display to customers. Plaintiff sued for copyright infringement, and defendants moved for summary judgment on grounds that, *inter alia*, photos were created for defendants as works made for hire. Court applied 13-factor agency test to evaluate work-for-hire claims set out in *Community for Creative Non-Violence v. Reid*, 490 U.S. 730 (1989). Of five *Reid* factors identified by Second Circuit in *Aymes v. Bonelli*, 980 F.2d 857 (2d Cir. 1992), as significant in virtually every situation, all favored plaintiff. (1) On hiring party's right to control manner and means of creation, defendants' involvement in creation of photos was minimal, and instructions "very general." (2) As to skill required, court contrasted plaintiff's 25 years' experience as professional photographer with absence of evidence defendants possessed any photographic skills. Nor did defendants (3) provide employee benefits; (4) withhold taxes or make tax payments on behalf of plaintiff; or (5) have right to assign additional projects to plaintiff after mirrors were photographed. Several other *Reid* factors also favored plaintiff: "Source of instrumentalities and tools" factor was significant because choice of equipment played vital role. Fact that defendants engaged plaintiff only for single project in question; defendants' lack of control over when and how long plaintiff would work; and fact that defendants neither hired nor paid plaintiff's assistants all weighed against finding work for hire. And defendants, whose business is creating and selling frames, did not regularly photograph catalogues, while plaintiff's sole business is creating photographic works. Defendants' instructions to plaintiff were so general as to fall within realm of unprotectible ideas, and their claims of "inevitable, routine participation" insufficient to substantiate work-for-hire authorship defense.

iXL, Inc. v. AdOutlet.Com, Inc., No. 01-C-0763, 2001 U.S. Dist. LEXIS 3784 (N.D. Ill. Mar. 29, 2001)

Court denied plaintiff's motion for preliminary injunction barring defendant from using computer source code developed and supplied by plain-

tiff. Plaintiff web designer ("iXL") created computer source code to assist in operation of defendant's ("AdOutlet") website. Parties entered into agreement under which parties executed six separate "Statements of Work" governing performance and price for services. Statements specifically provided works and services provided by iXL, including source code, would be works made for hire, and that AdOutlet "shall be considered the author and shall be the copyright owner of the works." iXL delivered code to AdOutlet with legend stating AdOutlet owned copyright. AdOutlet, alleging iXL's work inadequate, made only partial payment on invoices submitted by iXL. iXL brought action against AdOutlet alleging, *inter alia*, infringement, and moved for preliminary injunction. Court found source code modules were works commissioned as contributions to collective work, and thus fell within § 101 definition of work made for hire. Agreement between parties, further, contained no express agreement making vesting of authorship and copyright ownership contingent on full payment of invoice price. iXL contended two contractual provisions established full payment as condition precedent to ownership of copyright in code by AdOutlet: (1) term stating AdOutlet "shall perform the tasks set forth in the Statement as a condition to iXL's obligations to perform hereunder"; and (2) provision assigning rights in event works were not considered works made for hire, "free and clear of any and all claims for royalties or other compensation *except as stated in this Statement*." Court disagreed, and further declined to find full payment as implied condition precedent to copyright ownership by AdOutlet. Accordingly, iXL failed to prove likelihood of success on argument that iXL owned copyright in source code.

Natkin v. Winfrey, 111 F. Supp. 2d 1003 (N.D. Ill. 2000)

Plaintiff photographers, hired to take still photographs of "Oprah Winfrey Show," sued host and her production company over use of photographs in book about her. Defendants moved for summary judgment, arguing, *inter alia*, that under work-for-hire doctrine Winfrey and production company were authors of photographs. There was no written agreement between parties. Court held that because plaintiffs used their own equipment, chose appropriate film, usually processed film themselves, chose appropriate shutter speed, operative settings and timing for shots, and insured their own equipment; were paid flat fee for each show; and had discretion to hire and pay substitutes when they themselves were unavailable, they were not employees. Perhaps most importantly, defendants never withheld income taxes, reporting payments to plaintiffs as "nonemployee compensation" on IRS 1099 forms, and never provided health or life insurance, pension benefits or paid vacation. Thus, even though plaintiffs worked for defendants over extended period, were invited to staff functions, and re-

ferred to themselves as still photographers for show, they were not employees but independent contractors, and photographs were not works made for hire.

Manning v. Board of Trustees of Cmty. Coll. Dist. No. 505 (Parkland Coll.), 109 F. Supp. 2d 976 (C.D. Ill. 2000)

Court granted defendant summary judgment in action alleging ownership of photographs taken by plaintiff as employee of defendant, hired specifically to take photographs for college's use. Plaintiff had annual contract stating that contract was in consideration of mutual agreements and covenants set forth in defendant's policy manual. Policy manual contained statement that staff members who develop materials would own copyrights. Following *Baltimore Orioles, Inc. v. Major League Baseball Players Ass'n*, 805 F.2d 663 (7th Cir. 1986), court held defendant owned copyrights in photographs as photographs were works made for hire by employee in course of employment. Under 17 U.S.C. § 201(b), express agreement to contrary could give employee copyright. Court held policy manual did not meet requirement of express agreement between parties altering statutory presumption that defendant employer owns copyright in photographs. Absent genuine issue of material fact as to ownership of copyright in photographs, summary judgment granted to defendant.

In re Marvel Entm't Group, Inc., 254 B.R. 817 (D. Del. 2000)

In bankruptcy proceeding, district court denied author's proof of claim and held that more than 70 fictional characters created by author, including five conceived prior to any employment relationship, were works made for hire under Copyright Acts of 1909 and 1976. Requirement under 1909 Act that work for hire be created at "instance and expense" of employer was satisfied because Marvel paid author sum certain and not royalty for his work, and because Marvel asked author to create story ideas for fictional characters. As to five characters created by author prior to relationship with Marvel, court held three fictional characters were "little more" than concepts or "nascent ideas" prior to publication by Marvel. Concerning remaining two characters, court concluded significant differences in storylines and nature of fictional characters' missions and superhero powers distinguished Marvel characters from counterparts created prior to author's employment. Court held author's characters did not fall within exception to finding work made for hire established by *Siegel v. National Periodical Publication*, insofar as disputed Superman character in *Siegel* had been fully developed with only insubstantial changes made to accommodate later publication by Detective Comics. As to characters created during 1972 to 1976, coinciding with author's freelance employment by Marvel, court held absent evidence to contrary, presumption that em-

ployer was author of works made for hire would be followed. Court held same presumption applied to period of author's employ under employment agreement running from 1977 through 1979.

B. Transfer of Ownership

Worldwide Church of God v. Philadelphia Church of God, Inc., 227 F.3d 1110 (9th Cir. 2000), *cert. denied*, 121 S. Ct. 1486 (2001)

Leader of Worldwide Church of God ("WCG"), Herbert Armstrong, wrote 380-page book entitled Mystery of the Ages ("MOA") and distributed over nine million free copies. After Armstrong's death, WCG discontinued distribution of MOA due to changes in Church's religious doctrines and racist nature of Armstrong's views. Two former WCG ministers founded defendant Philadelphia Church of God ("PCG"), which strictly follows Armstrong's teachings and considers MOA to be "central to its religious practice and required reading for all members." PCG made and distributed approximately 30,000 verbatim copies of MOA without permission of WCG. District court denied WCG's motion for preliminary injunction and granted PCG's motion for summary judgment, implicitly holding that WCG was not copyright owner based on finding that Armstrong was author of MOA and MOA was not work for hire, and holding that PCG's use constituted fair use. Ninth Circuit reversed and remanded for entry of preliminary injunction pending trial on damages. Because Armstrong bequeathed entire estate, including copyright in MOA, to WCG, WCG owned copyright regardless of status as work for hire. Court rejected PCG's argument that Armstrong granted implied license for book "to be disseminated by those who value its religious message," because not properly pleaded as affirmative defense in answer and no evidence that Armstrong intended to license book. Court also rejected PCG's fair use defense.

Johnson v. Tuff 'N' Rumble Mgmt., Inc., 54 U.S.P.Q.2d 1871 (E.D. La. 2000)

District court granted plaintiffs' motion for summary judgment on issue of copyright ownership of song entitled "It Ain't My Fault." Defendant claimed 50% ownership of song by transfer from plaintiffs. In granting summary judgment, court held (1) plaintiffs owned copyright since all registration and renewal certificates listed plaintiffs as song's authors; (2) defendant's failure to respond to Requests for Admission, in accordance with Fed. R. Civ. P. 36, regarding existence of written assignment documents established that defendant did not have signed assignment of copyright; and (3) even without considering Rule 36, plaintiffs entitled to summary judgment because defendant failed to produce credible evidence

to rebut plaintiffs' sworn testimony that they did not assign copyright to defendant.

C. Joint Works and Co-Ownership

Gillespie v. AST Sportswear, Inc., 58 U.S.P.Q.2d 1134 (S.D.N.Y. 2001)

Plaintiffs, freelance photographer and freelance commercial art director/graphic artist, sued fashion designer and sportswear distributor, alleging defendants violated plaintiffs' copyrights in photographs and design layouts by using photographs and layouts in advertising and promotional campaign without plaintiffs' consent. Defendant Miles alleged he played significant role in creating photographs and layouts, and was thus joint author. Court denied plaintiffs' motion for summary judgment, finding three material issues remained in dispute: (1) whether defendant Miles was joint author; (2) whether registrations were invalid because of failure to list Miles as joint author; and (3) whether parties entered licensing agreement to use copyrighted works. As to joint authorship and validity of registrations, court held questions remained as to parties' intent to be joint authors in light of contradictory testimony as to who selected models, clothing, poses and lighting. Trier of fact could conclude that plaintiffs and Miles himself considered Miles joint author. Further, though there is little case law on joint authorship of photographs, court could not say that Miles' contributions to final product, to extent ultimately proven by defendant, would not be "independently copyrightable" for purposes of joint authorship. As to oral license agreement, defendants' claim of license and plaintiff's admission, in earlier version of complaint, that parties had some form of oral agreement created genuine dispute of fact precluding summary judgment. In reaching conclusion, court held plaintiffs could not, by amending pleadings, preclude defendant from placing in evidence admissions made by plaintiff in earlier pleadings.

SHL Imaging, Inc. v. Artisan House, Inc., 117 F. Supp. 2d 301 (S.D.N.Y. 2000)

Partial summary judgment granted to plaintiff on issue of copyright liability. Defendant manufacturers hired plaintiff, professional photographer, to photograph mirrored picture frames. Plaintiff selected and supplied all photographic and lighting equipment and, assisted by own employee, set up lighting, hung frames and took photos over four-day shoot at defendants' factory. Defendants asserted they instructed how photographs should be taken, but offered no specifics. Parties agreed photos were to be used as color slides by defendants' sales force, but defendants also used them in catalogue and brochures, offered them as magazine comps, and

scanned them into computer for manipulation and display to customers. Plaintiff sued for copyright infringement, and defendants moved for summary judgment on grounds that, *inter alia*, photographs were joint works. Defendants asserted they were joint authors by reason of (1) their creation of frames, which they alleged constituted inseparable or interdependent parts of photos; (2) their selection of which frames to photograph; and (3) their "right to control" photos. Court, however, found requisite intent by parties that their contributions be merged was absent. Defendants offered no evidence that they intended to share credit for photographs, or any indicia of copyright ownership such as registering or affixing copyright notice to photos. Defendants' theory, if credited, would lead to "plainly absurd" result that any photograph of any copyrighted sculptural work would be joint work between photographer and sculptor.

Carell v. Shubert Org., Inc., 104 F. Supp. 2d 236 (S.D.N.Y. 2000)

Court granted motion to dismiss makeup designer's action seeking declaration of sole ownership of copyrights in makeup designs for cast of Broadway musical *Cats*. Defendants, producers and licensors of rights to *Cats*, alleged that *Cats*' costume designer was sole author or co-author of some of designs. Court declined to resolve factual disputes concerning authorship, finding plaintiff's ownership claims, filed in 1999, barred by three-year statute of limitations under 17 U.S.C. § 507(b). Court denied motion to dismiss plaintiff's copyright infringement claims, however, which were not time-barred. Although defendants allegedly derived rights from costume designer, alleged co-author of some of designs, plaintiff's registration of copyrights in designs as group under § 408(c)(1) did not render costume designer co-author of all of designs. Court reasoned, "In the absence of a joint work, the fact that one party contributes to certain designs, but not to others, does not mean that the party is the co-author of the entire set of designs."

Natkin v. Winfrey, 111 F. Supp. 2d 1003 (N.D. Ill. 2000)

Plaintiff photographers, hired to take still photographs of "Oprah Winfrey Show," sued host and her production company over use of photographs in book about her. Defendants moved for summary judgment, arguing, *inter alia*, that they were co-authors based on their role in composition of photographs. Court held that because defendants' contributions to photographs, standing alone, were not copyrightable, defendants were not joint authors. Court relied on Copyright Office opinion instructing that "nature of the thing depicted or the subject of the photographs . . . is not regarded as a copyrightable element." Accordingly, defendants' selection and arrangement of Winfrey's facial expressions and attire, mood and look of

show, choice of guests and staging were not copyrightable, and defendants were not co-authors.

D. Contracts and Licenses

Beckman Instruments, Inc. v. Cincom Sys., Inc., Copyr. L. Rep. ¶ 28,127 (9th Cir. Jul. 25, 2000), *cert. denied*, 121 S. Ct. 1093 (2001)

Reversing district court, Court of Appeals held license agreement did not permit defendant licensee to outsource technical support work to third party, which included copying of software by third party. Rejecting defendant's argument that license agreements permit anything not expressly prohibited, court maintained agreement regulated how and by whom software could be used. Court turned aside defendant's additional arguments that license agreement only intended to preserve confidentiality and that another occasion where plaintiff licensor separately negotiated supplemental outsourcing contract showed instant agreement contemplated outsourcing. To contrary, absence of separate agreement in present controversy was further proof license agreement did not authorize outsourcing.

MAI Photo News Agency, Inc. v. American Broad. Co., Copyr. L. Rep. ¶ 28,225 (S.D.N.Y. 2001)

Court granted defendant's motion for summary judgment, dismissing claims that ABC had exceeded scope of licensed use of plaintiff's film and video footage concerning Iraq. License agreement provided that ABC could use footage in ABC News program *Peter Jennings Reporting* "as distributed two times worldwide in all media now known and hereafter conceived or created." At conclusion of initial broadcast of program, ABC offered to sell copy of program to interested viewers, and 248 copies were purchased. Plaintiffs objected. Relying on precedent of *Bourne v. Walt Disney Co.*, 68 F.3d 621, 631 (2d Cir. 1995), court stated that it is copyright owner's burden to prove that defendant's usage was unauthorized, and concluded that if plaintiffs had wanted home video distribution excluded from scope of license, they should have so specified. In addition, court held home video distribution to be within grant of right to exhibit program on television. Accordingly, court stated that ABC also had right to exhibit footage in second broadcast of program. ABC's copying of plaintiffs' tapes to create "working copies" was impliedly authorized, court held, as license agreement must be read to permit such uses as are necessary to accomplish purposes of agreement.

Chambers v. Time Warner, Inc., 123 F. Supp. 2d 198 (S.D.N.Y. 2000)

District court granted defendants' motion to dismiss. Plaintiffs were members of musical groups that made recordings, mostly in '50s and '60s, for defendant record companies. Plaintiffs sued record companies and Internet music publisher MP3.Com, Inc. seeking damages, injunctive relief and declaration of rights with respect to Internet use of recordings produced before February 1, 1996, effective date of Digital Performance Rights in Sound Recordings Act of 1995. Claims were premised on contention that plaintiffs held property rights in digital versions of recordings. Recordings were made pursuant to contracts under which record companies advanced monies and agreed to pay royalties for certain uses of recordings, in return for transfer of ownership of recordings to record companies. Each contract contained language granting record company unrestricted right to manufacture, use, distribute and sell sound productions of performances recorded thereunder made by any method whatsoever, whether then known or "[t]hereafter to become known." Plaintiffs, court found, offered no argument that defeated plain meaning of such expansive contractual language. Plaintiffs contended, *inter alia*, that contract language was effectively narrowed by definition of "recording" contained in American Federation of Television and Radio Artists' National Code of Fair Practice for Sound Recordings ("Code"). Court's review of Code (to which, in any case, none of record companies was signatory) showed only that Code's own definition of "recordings" was arguably limited to vinyl records. However, Code merely set forth minimum required terms for covered recording contracts, and did not prohibit broader terms. Court declined to exercise supplemental jurisdiction over state law claim that record companies, by creating and marketing easily-copied CDs, breached contractual and fiduciary duties to protect artists' copyrights and royalty stream from illegitimate sales. Court noted its skepticism of argument that, taken to its logical end, would lead to destruction of most existing CDs.

Holtzbrinck Publ'g Holdings, L.P. v. Vyne Communications, Inc., Copyr. L. Rep. ¶ 28,081 (S.D.N.Y. 2000)

Defendant website design company created files, code and graphic designs for website and hosted website for plaintiff's magazine, *Scientific American*, pursuant to oral agreement. Parties exchanged drafts of written contract, which was never executed, providing that plaintiff was sole owner of all content provided by or developed for plaintiff and that defendant would deliver all website files to plaintiff. One draft provided that all work performed by defendant was intended to be work-for-hire. Defendant claimed that certain work performed in updating website was beyond

scope of oral agreement and threatened to shut down website if not paid additional compensation. Defendant also claimed ownership of content of website and obtained certificate of copyright registration. After downloading website files to its own server using password defendant had provided, plaintiff filed action for declaratory judgment concerning ownership of website and claiming it did not infringe because it either owned copyright or was nonexclusive licensee. Defendant counterclaimed for infringement, trespass, and misappropriation of trade secrets. Court granted plaintiff's motion for partial summary judgment, finding that, at minimum, plaintiff held nonexclusive license for website programs and files for which it paid consideration, since defendant created website at plaintiff's request, delivered work product to plaintiff, gave plaintiff password access, and placed copyright notice on website indicating plaintiff as owner, and plaintiff paid defendant substantial amount of money. However, court denied plaintiff's summary judgment motion with respect to work performed outside scope of agreement for which defendant was not paid, since license was revocable with respect to such work and there were material issues of fact concerning extent of work performed beyond agreement and compensation already paid. Court found Statute of Frauds inapplicable because nonexclusive license created by operation of law rather than by oral agreement. Finally, court denied defendant's motion for summary judgment on plaintiff's claims concerning copyright ownership, transfer and joint authorship, finding material issues of fact concerning whether parties intended defendant's contributions to be work made for hire or to create joint work and whether defendant owned work created by freelance computer programmers.

Point Prods. A.G. v. Sony Music Entm't, Inc., 55 U.S.P.Q.2d 1946 (S.D.N.Y. 2000)

Summary judgment in favor of plaintiff music distributor granted on ground that Sony improperly terminated copyright license agreement. Sony granted plaintiff exclusive license to manufacture and distribute Roy Orbison recordings. Express condition in license agreement required plaintiff to hold mechanical copyright licenses for recordings at all times. Sony had right to void agreement if plaintiff failed to obtain mechanical copyright license within 30 days after receipt of written notice from Sony. Agreement also contained general notice and cure provision for material breach. Sony, citing futility of notice and cure, terminated agreement without notice and cure when Dutch licensing society terminated plaintiff's mechanical copyright license. Sony further justified termination because plaintiff did not have copyright license "on its own behalf," relying on licenses held by affiliates. Sony also claimed agreement was terminated for violating prohibition against sublicensing. Court ruled terminating

party's failure to afford contractually required notice and cure is excusable as futile only where non-performing party (1) expressly abandons or repudiates agreement or (2) abandons performance thereunder. Court concluded Sony offered no evidence that plaintiff abandoned or repudiated agreement. In addition, court determined that Sony improperly terminated agreement for unauthorized sublicensing, because purported breach could have been cured within 30 days of written notice from Sony.

Gardner v. Nike, Inc., 110 F. Supp. 2d 1282 (C.D. Cal. 2000)

Nike granted Sony exclusive license to use copyrighted cartoon character. Sony, without Nike's consent, then granted Gardner all its rights in character. Gardner designated Bien Licensing Agency as its exclusive licensing agent. Through Bien, Gardner made use of character on educational materials, and Nike threatened suit. Gardner and Bien sued Nike seeking declaratory relief. Defendant moved for summary judgment, claiming neither licensee nor its licensing agent had standing to seek declaratory judgment, because Sony's assignment to Gardner was invalid. Plaintiffs argued that under 1976 Act, exclusive licensee can freely assign its rights without original licensor's consent, because exclusive rights can be owned separately. Court rejected plaintiffs' argument, holding that § 201(d)(2) granted exclusive licensees only "protections and remedies" afforded by Act to copyright owners and right to freely assign licensed rights is not protection or remedy. Since Sony's assignment of its rights to Gardner was invalid, plaintiffs had no standing to bring action, and summary judgment was granted to defendant.

Liu v. Price Waterhouse, LLP, 58 U.S.P.Q.2d 1124 (N.D. Ill. 2001)

Motion by plaintiff to set aside jury verdict for defendant denied. Pursuant to letter agreement between third-party defendant-counterplaintiff Yang and defendant-counterplaintiff Price Waterhouse, Yang employed computer programmers in China to enhance speed of Price Waterhouse's "RevUp 32 [tax] Program," resulting in derivative work, "China RevUp Program." Computer programmers assigned their alleged rights in China RevUp Program to plaintiff-counterdefendant Liu, Yang's daughter, who registered copyright. Price Waterhouse sold China RevUp Program to defendant-counterclaim plaintiff Computer Language Research, which created another version of RevUp 32 program. Following jury verdict, court denied plaintiff's motion for judgment as matter of law, upholding jury's findings that Price Waterhouse, not Liu, owned copyright in China RevUp Program and that Liu infringed. Liu and Yang argued that computer programmers never transferred ownership of derivative work to Price Waterhouse by written assignment, as required by § 204 of Act. Jury interpreted ambiguous letter agreement as providing that Price Waterhouse

would own copyright in China RevUp Program upon completion of project. Court held letter agreement was license to prepare derivative work which, by designating Price Waterhouse as copyright owner, prohibited author from claiming copyright ownership. Thus, Liu's registration of copyright was act of claiming ownership that exceeded scope of derivative work license.

CRC Press, L.L.C. v. Wolfram Research, Inc., 57 U.S.P.Q.2d 1220 (C.D. Ill. 2000)

Defendant Weisstein developed on-line mathematical encyclopedia and thereafter, in April 1997, entered into Author Agreement with plaintiff to publish encyclopedia in book form. In December 1998, parties entered into second contract covering rights to CD-ROM version of encyclopedia. Defendant's on-line encyclopedia existed, in one form or another, from 1995 until 1999, when Weisstein and co-defendant Wolfram re-launched on-line encyclopedia at new Internet address. Plaintiff sued, alleging on-line encyclopedia infringed rights which defendant Weisstein transferred via 1997 and 1998 agreements. Defendants countered that on-line work was senior work, hard-copy and CD-ROM versions were merely derivative works and, therefore, plaintiff had secured rights only in two derivative works, not on-line senior work. Court granted plaintiff's motion for preliminary injunction, holding that Weisstein had transferred rights in on-line version of encyclopedia. Court reasoned that definition of "work" in agreements was ambiguous, and thus looked to intent of parties. Going beyond text of agreement, and applying general contract law, court held for plaintiff because (i) prior to re-launch of Weisstein's site, plaintiff dictated which portions of Weisstein's site would be blocked; (ii) Weisstein had sought plaintiff's aid in licensing on-line version of encyclopedia; (iii) Weisstein clearly reviewed agreements as evidenced by negotiations of royalty rates and could have requested that website be excluded from Author Agreement; and (iv) co-defendant Wolfram Research, Inc. negotiated with plaintiff for rights to website. Likewise, applying copyright law, court held that because defendants took position that website was "an HTML version of the [Encyclopedia] manuscript" and encyclopedia is "snapshot" of website, Weisstein could not have been signing over rights to derivative work since copyright law dictates that "a derivative work must be substantially different from the underlying work to be copyrightable." Since plaintiff would not have entered into agreement which conveyed no copyright interest, court found that defendant did indeed transfer rights, and website constituted infringement.

E. Miscellaneous

United States v. Washington Mint, L.L.C., 115 F. Supp. 2d 1089 (D. Minn. 2000)

District court held "government works exception" not applicable to U.S. Mint's copyright in design of newly issued coin. U.S. Mint, through anonymous selection process, selected designs rendered by private artist for new coin. Private artist assigned copyrights in designs to U.S. Mint. Government subsequently registered copyrights in coin designs. Court held "government works" exception not applicable because language of copyright law does not prohibit copyright protection for works commissioned by federal government. Court also found anonymous selection process undermined defendant's contention that government commissioned designs and required their assignment as subterfuge for avoiding statutory restrictions. Furthermore, court held fact that government registered copyright in coin design was irrelevant because government was assignee of and, merely registered, copyrights which already existed at time of creation of plaster molds by private artist.

Dent v. Jive Records, Inc., 56 U.S.P.Q.2d 1158 (E.D. La. 2000)

District court granted summary judgment for defendants, finding plaintiffs failed to establish *prima facie* case of copyright infringement. Defendants released recording entitled "I'm," which plaintiffs claimed infringed lyrics for which plaintiffs had obtained federal copyright registration. Judge listened to tape submitted with plaintiffs' 1995 copyright application, and found it contained no lyrics from song "I'm." Plaintiffs argued that copyright in disputed lyrics stemmed from 1997 supplemental application filed with Copyright Office. Plaintiffs attached typed copy of disputed lyrics to affidavit in opposition to motion for summary judgment, and argued that typed copy of lyrics was included with copyright application. However, at deposition, plaintiffs stated that no typed copy of allegedly infringed lyrics was included with copyright application. Because rule in circuit is that party cannot defeat summary judgment using affidavit that impeaches, without explanation, sworn testimony, affidavit did not create factual issue that would preclude summary judgment. Thus, plaintiffs could not establish copyright ownership.

IV. FORMALITIES

A. Notice and Publication

ABKCO Music, Inc. v. LaVere, 217 F.3d 684 (9th Cir.), *cert. denied*, 121 S. Ct. 655 (2000)

In late 1930s, Robert Johnson recorded two songs, "Love In Vain" and "Stop Breakin' Down." Interest in Johnson's copyrights was ultimately assigned to plaintiff, ABKCO Music, Inc. In 1969, Rolling Stones recorded "Love In Vain" and in 1972, "Stop Breakin' Down." LaVere acquired from Carrie Thompson, Johnson's sister and heir, her copyright interest in Johnson's works. LaVere obtained copyright registrations in 1991 and demanded that ABKCO stop unlicensed uses of compositions. ABKCO brought action for declaratory judgment, claiming that Johnson published songs through distribution of phonorecords in 1930s, and, because he had not sought registration or renewal within 28 years of such publication, songs fell into public domain. Plaintiff relied on *La Cienega Music Co. v. ZZ Top*, 53 F.3d 950 (9th Cir. 1995). Defendants countered by arguing that under 1997 amendment to Copyright Act, which was signed into law while summary judgment motions were pending, distribution before January 1, 1978 of phonorecord did not constitute publication of underlying musical compositions. District court ruled in favor of ABKCO and defendants appealed. Question before Ninth Circuit was whether *La Cienega Music* or 1997 Amendment to Copyright Act controlled. Court reversed, holding that 1997 Amendment controlled and posed no retroactivity problem because Amendment was "clarifying," not changing, law regarding publication of musical compositions through distribution of phonorecords.

Mayhew v. International Mktg. Group, Copyr. L. Rep. ¶ 28,231 (6th Cir. 2001)

Sixth Circuit reversed dismissal of composer's infringement action involving unauthorized use of four compositions. District court held in April 1997 that works were in public domain because they were distributed on phonorecords without copyright notice prior to 1978. Four days prior to entry of judgment, however, Congress amended § 303 to provide that such distribution of phonorecords did not constitute publication of underlying musical compositions. District court's failure to consider revised statute in deciding plaintiff's subsequent motion for relief from judgment was abuse of discretion, because infringement action was clearly "pending" at time new statute became effective. Further, Sixth Circuit had already determined in *Mayhew v. Allsup*, 166 F.3d 821 (6th Cir. 1999), that plaintiff's compositions were not in public domain for lack of notice on phonorecords.

Chere Amie, Inc. v. Windstar Apparel Corp., No. 01-CV-0040, 2001 U.S. Dist. LEXIS 2140 (S.D.N.Y. Feb. 28, 2001)

Plaintiffs' motion for preliminary injunction restraining sale of infringing sleepwear granted. Court held failure to provide date of first publication on copyright application does not constitute fraud on Copyright Office. Plaintiffs make and sell sleepwear. When defendant sold similar sleepwear designs, plaintiffs sued, alleging infringement of five copyrighted designs. Court rejected defendants' first argument, that alleged copying took place before protection was in place. Copyright Office does not grant copyrights; copyright subsists from creation, and registration merely bestows certain *prima facie* benefits. Defendant next argued plaintiffs could not show likelihood of success on merits of copyright claim because copyright certificates for sleepwear designs were procured with deliberately false statements. Specifically, defendant asserted, plaintiff's applications were defective because they failed to identify, in Space 3, date of first publication as occurring prior to registration. Court held, however, that date of any prior publication is irrelevant to existence of protection, since copyright is automatic. Even if works were previously published, defendant cannot prove fraud on Copyright Office, because Office would not have rejected plaintiffs' applications if it knew of prior publication. At most, Office would have asked plaintiffs to supplement applications. Since plaintiffs showed likelihood of success on merits, preliminary injunction granted.

B. Registration

Raquel v. Education Mgmt. Corp., 121 S. Ct. 376 (2000)

U.S. Supreme Court granted *certiorari* to case from Court of Appeals for Third Circuit which dismissed copyright infringement action based on lack of valid registration (*Raquel v. Education Mgmt. Corp.*, 196 F.3d 171 (3d Cir. 1999)). Court vacated and remanded for further consideration in light of position asserted by Solicitor General in *amicus* brief, and Copyright Office's Statement of Policy. Plaintiff, partnership of musicians and songwriters who authored song "Pop Goes the Music," sued advertising agency, record company and band Nirvana, alleging unauthorized use of music video. Plaintiff had copyright registration which listed "nature of the work" as "audiovisual work," and deposited videotape of commercial with application. Third Circuit concluded that plaintiff's description of work in copyright registration as "audiovisual work" could not be basis for infringement action based on song contained in videotape. Solicitor General argued that Third Circuit's opinion misapplied law and was inconsistent with Copyright Office's longstanding published practices related to "nature of the work" space on Form PA. In response to Third Circuit's

opinion, Copyright Office issued Statement of Policy concerning proper use and function of relevant portions of Office's applications forms. Copyright Office stated it was not misled in registering copyright claim and that it knew claim was for musical work and not audiovisual work. Moreover, Copyright Office stated that it has been and continues to be acceptable to describe physical nature of deposit submitted with application, rather than only scope of copyright claim.

Geoscan, Inc. of Texas v. Geotrace Technologies, Inc., 226 F.3d 387 (5th Cir. 2000)

Court of Appeals affirmed grant of summary judgment to defendant. Plaintiff developed and licensed to defendant computer software used in oil and gas exploration industry. Plaintiff sued for copyright infringement, alleging defendant's use of software exceeded scope of license. District court granted summary judgment in favor of defendant on ground plaintiff had not properly registered copyright. Defendant argued that although plaintiff had submitted copyright application and fees to Copyright Office, it failed to submit two complete copies of each software program, and therefore failed to comply with all statutory formalities. In fact, plaintiff first submitted deposit of first ten and last ten lines of source code, and thereafter submitted not original but later versions of source code. Court affirmed grant of summary judgment for defendant, holding that because deposit was not complete copy of original source code, plaintiff had not fulfilled statutory formalities necessary to register copyright.

City Merchandise, Inc. v. King Overseas Corp., No. 99 CV 10456, 2001 U.S. Dist. LEXIS 3176 (S.D.N.Y. Mar. 22, 2001)

Copyright infringement claim dismissed for failure by plaintiff to plead registration. Plaintiff sued for infringement of design on mug containing wording "NY" and "New York." Plaintiff applied for registration, but did not amend complaint to reflect registration or refusal. Because Second Circuit precedent explicitly requires registration as prerequisite to suit, plaintiff had not met jurisdictional requirement and claim was dismissed.

Yurman Design, Inc. v. Chaindom Enters., Inc., Copyr. L. Rep. ¶ 28,118 (S.D.N.Y. 2000)

Jewelry designer sued jewelry manufacturer and distributor for infringement of copyright in bracelet, for which designer obtained registration in 1997. Defendant manufacturer had cross claimed for copyright infringement, asserting that allegedly infringing bracelets were similar to bracelet defendant created in 1988. Although defendant had applied for registration, court, in earlier ruling, dismissed cross claim because defendant had not received certificate of registration as required by § 411(a). After re-

ceiving certificate of registration, defendant moved for leave to amend answer to include copyright infringement counterclaim. Because defendant's application merely identified work as "jewelry design" entitled "T-105," and did not contain picture or description of work, court could not determine which jewelry design covered by registration. Court denied motion for leave to amend answer for failure to state claim upon which relief may be granted.

Lofton v. Lofton, 58 U.S.P.Q.2d 1406 (N.D. Ill. 2000)

Plaintiff filed *pro se* copyright infringement action, alleging siblings had published separate portions, and/or book, copied from her manuscript. After dismissing plaintiff's first two complaints without prejudice for, *inter alia*, failure to plead registration, court further dismissed plaintiff's third complaint. Court held that plaintiff never possessed registration for any of allegedly infringed works. Various filings with Copyright Office either failed to contain fees or deposits or were otherwise deficient. Complaint thus did not state claim upon which relief could be granted, because under § 411, copyright registration is prerequisite to infringement action. Moreover, court held, plaintiff's assertion of copyright infringement had no basis in fact and was frivolous and delusional. Accordingly, court dismissed complaint with prejudice.

LZT/Filliung P'ship, LLP v. Cody/Braun & Assocs., Inc., 117 F. Supp. 2d 745 (N.D. Ill. 2000)

Following bench trial, district court entered judgment for defendant, finding no infringement of copyright in construction drawings. Plaintiff, architectural firm, sued claiming defendant architectural firm infringed copyright in architectural, plumbing, mechanical, and electrical drawings plaintiff prepared under contract to third party builder and design company. Defendant, hired after dispute arose between plaintiff and builder, drew up similar plans and was sued by plaintiff. Defendant claimed copyright invalid because (a) plaintiff failed to inform Register that drawings were derivative of builder's drawings; (b) portions of drawings were in public domain; (c) other portions were works created by builder; and (d) plaintiff failed to specify it was hired by builder. Court found plaintiff not guilty of knowing failure to advise Copyright Office of material facts. Since builder's works were not published or copyrighted, plaintiff need not check box on form identifying pre-existing work. Since one can create work using public domain elements, second argument also failed to void copyright. Failure to identify builder as employer for hire also did not invalidate copyright because work could not be commissioned work, since architectural works are not one of nine categories qualifying as works for hire. Court reiterated that immaterial, inadvertent errors do not invali-

date copyright if unaccompanied by fraud. Plaintiff's copyright upheld, since no intent to deceive and plaintiff only claimed copyright in plans it prepared. Judgment nevertheless for defendant because no substantial similarity found.

Morelli v. Tiffany & Co., 57 U.S.P.Q.2d 2015 (E.D. Pa. 2001)

District court denied defendant's request that it preliminarily determine whether Copyright Office was correct in refusing to register plaintiff's "Sprinkled Diamond" jewelry. Plaintiff could have sought judicial review under Administrative Procedure Act, alleging refusal to register was abuse of discretion. Plaintiff opted instead to file infringement action under § 411(a) of Act, claiming jewelry was copyrightable. Defendant argued that court, before it could consider infringement action, must determine as matter of law whether Copyright Office was correct in refusing to register jewelry. Court noted fact that plaintiff did not have copyright registration for jewelry merely placed burden of proof on plaintiff to establish copyrightability of jewelry. And whether jewelry is sufficiently original, and thus whether plaintiff has valid copyright, is question of fact to be determined by trier of fact *de novo* — here, by jury.

Abbott v. Tyson, Copyr. L. Rep. ¶ 28,240 (S.D. Ala. 2001)

Copyright infringement action by university professor seeking to enjoin use of federal grant proposal dismissed for failure to register copyright. Plaintiff argued registration not required to maintain claim for injunctive relief, as opposed to claim for damages. Court ruled that § 411 makes no distinction between actions for injunctive relief and damages, and registration is jurisdictional prerequisite to filing suit for either.

V. INFRINGEMENT

A. Access

Bouchat v. Baltimore Ravens, Inc., 241 F.3d 350 (4th Cir. 2000), *cert. denied*, 2001 U.S. LEXIS 3863 (May 21, 2001)

Court affirmed district court's denial of defendant's motion for judgment as matter of law following jury verdict for plaintiff, holding that plaintiff presented sufficient evidence to sustain burden of showing that defendant, Baltimore Ravens professional football team, had access to copyrighted drawings. Jury was entitled to infer that defendant had opportunity to view plaintiff's drawings when third party intermediary with close relationship to Baltimore Ravens had access. Moreover, court held substantial similarity existed between plaintiff's copyrighted drawings and defendant's subsequent Baltimore Ravens football logo, despite defendant's assertion that plaintiff's drawing contained several public domain elements. Court

held that public domain elements were selected and arranged in such way as to render work original. In addition, court held plaintiff's failure to note derivative nature of his authorship in his copyright application did not divest district court of subject matter jurisdiction over infringement claim; harmless mistake in copyright application does not preclude infringement action.

Peel & Co. v. Rug Mkt., 238 F.3d 391 (5th Cir. 2001)

Circuit court reversed and remanded district court's grant of summary judgment to defendant, finding that genuine issue of fact existed as to access and degree of similarity between rugs at issue. Plaintiff, rug wholesaler and designer, claimed defendant rug wholesaler had its foreign manufacturer copy substantial elements of one of plaintiff's designs. District court granted defendant's motion for summary judgment, finding that plaintiff submitted insufficient evidence that defendant or its manufacturer had access to plaintiff's design, and insufficient evidence of copying or substantial similarity. Circuit court reversed, finding that wide dissemination of rugs in rug trade and in places where defendant and its supplier appeared was sufficient to raise genuine issue of material fact on issue of access. Furthermore, though reasonable minds could differ as to whether rugs were probatively similar, district court was wrong to conclude that no reasonable jury could find copying. Finally, court found that similarities were sufficiently substantial to preclude summary judgment.

Smith v. Curb Records, 57 U.S.P.Q.2d 1886 (6th Cir. 2001)

Sixth Circuit affirmed district court decision granting summary judgment for defendant on plaintiff's claim that defendant infringed copyright in lyrics of two songs. Since there was no direct evidence that defendant copied plaintiff's songs, court considered whether defendant had access to plaintiff's songs, and whether songs were substantially similar. Court found that there was no evidence that defendant had access to plaintiff's songs prior to writing allegedly infringing songs. Deposition testimony showed plaintiff wrote songs in 1993 and recorded them in 1994; defendant wrote song in 1990 and recorded demo in 1991. Thus, access impossible. Court emphasized that even if plaintiff had written lyrics before defendant created allegedly infringing songs, fact that plaintiff's songs were recorded after defendant wrote and recorded defendant's songs proved that defendant could not have had prior access to plaintiff's lyrics. Court also found that although songs at issue related to common themes, lyrics had few words in common, and therefore were not similar.

Tisi v. Patrick, 97 F. Supp. 2d 539 (S.D.N.Y. 2000)

District court granted defendants' motion for summary judgment. In 1994, plaintiff made demo tape including musical composition "Save Your Soul" ("SYS"), and through early 1996 made submissions of tape to defendants EMI Records, Reprise Records, and various other record companies, who unanimously rejected it. Defendant Richard Patrick composed music and lyrics to "Take A Picture" ("TAP") between 1996 and 1998; recording of TAP, performed by Patrick with group Filter, was released by Reprise in 1999 to great commercial success. On hearing TAP in late 1999 plaintiff sued Patrick, Filter and record companies, claiming TAP infringed plaintiff's copyright in SYS, and moved for preliminary injunction and summary judgment. Court held "bare corporate receipt" of unsolicited demo tape by record company defendants, with no evidence they ever conveyed SYS to anyone with creative input into TAP, was insufficient to show reasonable possibility of access to plaintiff's song. Further, court found two songs not strikingly similar as matter of law. Defendants' motion for summary judgment dismissing complaint granted.

Dimmie v. Carey, 88 F. Supp. 2d 142 (S.D.N.Y 2000)

District court granted summary judgment in favor of defendants, concluding that plaintiff failed to establish *prima facie* case of copyright infringement. Plaintiff songwriter filed infringement action claiming pop star Mariah Carey's hit single "Hero" was copied from plaintiff's song entitled "Be Your Own Hero." Plaintiff argued that defendants had access to her recording because she mailed demo tape to defendant Columbia Records. Court held that mere allegation of corporate receipt of plaintiff's mailed demo tape, without evidence that defendants actually listened to demo, is not enough to prove access to copyrighted work.

B. Copying and Substantial Similarity

Calcar Adver., Inc. v. American Isuzu Motors, Inc., Copyr. L. Rep. ¶ 28,163 (9th Cir. 2000)

Court of Appeals affirmed judgment for defendant that its digests did not infringe plaintiff's guides. Plaintiff's guides' size, two-page format and calendar-like style, their use of lead lines and numbering system rather than textual description to identify various components, and their use of easy-reference topical tabs are all functional features not subject to copyright. Non-functional aspects of plaintiff's guides, including selection and arrangement of topics and material within guide, and perhaps diagrams, are entitled to copyright protection. Because ideas contained in digests and guides can be expressed in only limited number of ways, infringement found only if digests amount to very close paraphrasing or verbatim repro-

duction of non-functional aspects of plaintiff's guides. In making comparison of plaintiff's and defendant's products, court found that non-functional aspects of defendant's digest were neither close paraphrases nor verbatim reproductions of plaintiff's guides. Thus, defendant's digests did not infringe plaintiff's copyright.

Lyons P'ship, L.P. v. Morris Costumes, Inc., 243 F.3d 789 (4th Cir. 2001)

Fourth Circuit reversed district court's dismissal of copyright infringement claims brought by owner of copyrights in "Barney" character, "the well-stuffed Tyrannosaurus Rex with a green chest and stomach, friendly mien, green spots on its back, and yellow 'toeballs.'" Plaintiff alleged that costume-rental company's three costumes — purple dinosaur; "Hillary the Purple Hippopotamus"; and "Duffy the Dragon" — infringed Barney copyrights and trademarks. District court held Duffy the Dragon costume did not infringe Barney copyrights. Applying two-part test for substantial similarity, district court found that Duffy and Barney costumes were extrinsically but not intrinsically similar "in the sense that they express those ideas in a substantially similar manner from the perspective of the intended audience of the work." Appellate court held that district court improperly determined intended audience of works to be average adult renter or purchaser of costumes, rather than "child audience for which the products were intended." Court reasoned that "the economically important views are those of the young children who watch Barney on television, wear t-shirts bearing his likeness, and desperately hope that the purple dinosaur will make an appearance at their birthday parties."

Leigh v. Warner Bros., 212 F.3d 1210 (11th Cir. 2000)

District court grant of summary judgment for defendant affirmed in part, reversed in part. Plaintiff's photograph of "Bird Girl" statue appeared on cover of novel *Midnight in the Garden of Good and Evil.* Defendant used images of recreated Bird Girl statue in film version of novel, as well as promotional clip and stills. Plaintiff sued, asserting images infringed copyright in his photograph. Appeals court found district court correctly identified selection of lighting, shading, timing, angle, and film as elements protected by plaintiff's copyright, noting "mood" of work, which plaintiff asserted was protectible element, is in fact effect created by combination of protectible elements. Film sequences, court held, had nothing substantial in common with plaintiff's photograph except statue itself; accordingly, district court correctly held as matter of law that sequences were not substantially similar to protected elements of plaintiff's photograph. As to photographic images, however, court found that, notwithstanding "undeniably . . . significant differences," numerous similarities of defendant's still

images to protectible elements of plaintiff's photograph precluded summary judgment. Substantial similarity is question of fact, and summary judgment appropriate only if no reasonable jury could differ in weighing evidence. Further, district court order staying all discovery early in litigation was abuse of discretion. Because substantial similarity of still shots to plaintiff's photograph remained open question of fact, additional discovery "could well be appropriate."

Benton v. Decotex, Inc., Copyr. L. Rep. ¶ 28,165 (6th Cir. 2000)

Sixth Circuit reversed district court's grant of summary judgment for defendants. Plaintiffs alleged that defendants copied two collections of captioned drawings, "Just Face It" collection and "East Coast Face Collection," which were licensed to appear on T-shirts. Drawings "consisted of an expressive cartoon face accompanied by a brief tag line." Defendants' president purchased T-shirts bearing plaintiffs' captioned drawings, gave them to designer, and told him to design competing line of T-shirts. Court agreed with district court's finding that "the use of a cartoon face and a tag line to convey an emotion or attitude constitutes the uncopyrightable idea behind" plaintiffs' designs and that characteristics necessarily following from that idea, such as "they are both cartoons" or "they both have eyes," should not be considered in determining whether drawings substantially similar. However, reasonable jury could find substantial similarity in expression of characteristics, "i.e., the manner in which the heads, eyes, noses, and other features are drawn." Court distinguished between exclusion of characteristics dictated by unprotectible idea and cases in which courts improperly excluded from consideration uncopyrightable expressive elements. In determining substantial similarity, jury could consider fact that defendants' president gave T-shirts bearing plaintiffs' drawings to designer and told him he needed to change designs only "a little bit" to avoid infringement.

Kaplan v. Stock Mkt. Photo Agency, Inc., 133 F. Supp. 2d 317 (S.D.N.Y. 2001)

Summary judgment granted to photo agency, publisher and photographer dismissing infringement claim by photographer of copyrighted photograph of businessman contemplating leap from tall building onto city street. Plaintiff asserted defendants' publication of photograph depicting similar metropolitan scene infringed copyrighted work. Court held plaintiff's copyright derived from photographer's original conception of subject, not subject itself. Depiction of businessman contemplating leap off building was merely photograph's central idea, not plaintiff's expression of idea. Photographs were similar only in unprotectible elements that predictably flowed from idea: (1) depiction of man on roof with shoes partially off edge was

essential to contemplation of leap; (2) attire of businessman in pinstripe suit and wing-tip shoes was typical garb; and (3) viewpoint or angle from person looking down to street was necessary to show jumper's own viewpoint. Moreover, differences in copyrightable elements of two photographs, including backgrounds, perspectives, lighting, shadings and colors, outweighed similarities.

Bell v. Blaze Magazine, 58 U.S.P.Q.2d 1464 (S.D.N.Y. 2001)

Defendant's motion to dismiss granted. Plaintiff, inmate at correctional facility, brought action alleging defendant magazine infringed copyright in manuscript he submitted entitled "Hip Hop Behind the Walls" by publishing infringing articles in magazine. Complaint specifically alleged that defendant took plaintiff's work and restructured it in infringing manner. Denying plaintiff's motion, court held that mere fact that magazine article involved similar subject matter did not give rise to copyright violation. Defendant did not infringe because similarity between works pertained solely to plaintiff's ideas or concepts, and not expression of ideas.

Tisi v. Patrick, 97 F. Supp. 2d 539 (S.D.N.Y. 2000)

District court granted defendants' motion for summary judgment dismissing complaint. In 1994, plaintiff made demo tape including musical composition "Save Your Soul" ("SYS"), and through early 1996 made submissions of tape to defendant record companies and various others, who unanimously rejected it. Defendant Richard Patrick composed music and lyrics to "Take A Picture ("TAP") between 1996 and 1998; recording of TAP, performed by Patrick with group Filter, was released in 1999 to great commercial success. On hearing TAP in late 1999 plaintiff sued Patrick, Filter and record companies, claiming TAP infringed plaintiff's copyright in SYS, and moved for preliminary injunction and summary judgment. Court held "bare corporate receipt" of unsolicited demo tape by record company defendants, with no evidence they ever conveyed SYS to anyone with creative input into TAP, insufficient to show reasonable possibility of access. And on comparison, songs did not meet test for striking similarity, which, court noted, is applied with particular stringency in case involving popular music because of limited number of notes and chords available to composers, and resultant frequent appearance of common themes in various compositions. Lyrics and melodies of two compositions were dissimilar. Plaintiff's and defendants' experts noted same differences and similarities in remaining elements to be considered, structure, harmony and rhythm. Overall structural elements shared by two works — introduction, verse, chorus and bridge sections — are also shared with countless popular music compositions, while TAP, court noted, contains intro and closing sections not found in SYS. Similarly, while harmonic and rhythmic

elements common to TAP and SYS — basic I-IV progression and 4/4 time signature — are also common to countless other modern pop songs, court found TAP's harmonies "more complex and dissonant," and its rhythms "much more complex," than those of SYS. Construing facts in light most favorable to plaintiff, court found two songs not strikingly similar as matter of law. Finally, defendants submitted unrebutted evidence of independent creation of TAP by Patrick.

Dimmie v. Carey, 88 F. Supp. 2d 142 (S.D.N.Y 2000)

District court granted summary judgment in favor of defendants, concluding plaintiff failed to establish *prima facie* case of copyright infringement. Plaintiff songwriter filed infringement action claiming pop star Mariah Carey's hit single "Hero" was copied from plaintiff's song entitled "Be Your Own Hero." Plaintiff argued defendants had access to her recording because she mailed demo tape to defendant Columbia Records. Furthermore, plaintiff asserted that side-by-side comparison of songs proved works to be so similar that independent creation was unlikely. On issue of access, court concluded that corporate receipt of plaintiff's demo did not prove that anyone actually listened to plaintiff's song. Although plaintiff claimed there were substantial similarities between "Be Your Own Hero" and Carey's "Hero," such similarities, without proof of access, were not enough to show copying. Moreover, in light of convincing proof of independent creation, no genuine issue of copying shown.

Dan River, Inc. v. Sanders Sale Enters., Inc., 97 F. Supp. 2d 426 (S.D.N.Y. 2000)

In case involving three designs for bedding comforters, court granted preliminary injunction with respect to two designs on finding that defendant's comforters were strikingly similar to plaintiff's. Plaintiff demonstrated likelihood of success on merits of infringement claims even though it did not demonstrate that defendant had access to designs at issue. Plaintiff's designs were "readily available in retail markets throughout the United States," but defendant denied it had access to them and evidence of access presented at preliminary injunction hearing was insufficient. Court nonetheless held that "showing of striking similarity alleviates the necessity of demonstrating access." Defendant's "Moritz" design was virtually identical to plaintiff's "Diamond Color Block" design, and defendant did not argue that it could be distinguished. Defendant's "Baroque" design was virtually identical to plaintiff's "Palladium" design, despite very slight degree of "sharpening" of elements by defendant. But plaintiff did not demonstrate likelihood of success on merits with respect to defendant's "Eternity" design. Difference in size of swirls, design of leaf motif, and background design precluded finding of striking similarity.

Queenie, Ltd. v. Hot Stuff, Inc., 102 F. Supp. 2d 512 (S.D.N.Y. 2000)

District court denied defendant's motion for summary judgment of non-infringement. Plaintiff, as early as 1995, manufactured and sold blouses containing popular design comprised of boxes with ripped edges and linear and star-shaped figures, and obtained copyright registration for designs. Defendant, competing garment manufacturer, sold blouses with similar design at least two years after plaintiff's blouses were first distributed and sold. In copyright infringement action, defendant argued that its design was independently created and was not "sufficiently" close to plaintiff's design. In denying defendant's summary judgment motion, court concluded that side-by-side comparison of blouses made by two manufacturers demonstrated that designs were strikingly similar, supporting proposition that creator of defendant's design copied plaintiff's design. Since trier of fact could find copying, summary judgment denied.

Peker v. Masters Collection, 96 F. Supp. 2d 216 (E.D.N.Y. 2000)

Court awarded summary judgment to plaintiff artist on issue of copyright infringement, holding defendant retailer's oil painting replicas of posters were substantially similar to artist's oil paintings. Retailer purchased over 21 poster prints of artist's works from licensed graphics distributor. Thereafter, retailer treated each poster with thin coat of acrylic paint, allowing ink layer to be separated from paper backing. Acrylic layer was then mounted onto canvas. After retailer's artists brushed-stroked oil paint on surface, canvas was placed in museum-quality frame and sold at more than 60 times purchase price. Court concluded copying was "blatant" and rejected defendant's argument that it was selling no more than framed posters. Court concluded that defendant's "outright copying" went beyond process permitted in *C.M. Paula Co. v. Logan*, 355 F. Supp. 189 (N.D. Tex. 1973), where defendant transferred individual images from purchased greeting cards onto ceramic plaques for subsequent sale. Court held first sale defense did not apply because defendant was not selling purchased posters in new frames but creating "virtually indistinguishable" copy of "original oil painting," as stated in defendant's own brochures. Moreover, first sale doctrine pertains only to distribution right and does not implicate other exclusive rights, such as right to copy. Court rejected plaintiff's separate claim alleging unauthorized preparation of derivative works owing to lack of requisite originality in defendant's replicas. Replica was not more than trivial variation, and thus not derivative work.

Starobin v. King, 137 F. Supp. 2d 93 (N.D.N.Y. 2001)

Court granted defendants' motion for summary judgment dismissing complaint. Plaintiff, assistant adjunct professor of literature at Ulster County Community College in Stone Ridge, New York, sued Stephen King, "somewhat well-known author of novels and screenplays," claiming King's novel *Desperation* infringed her unpublished manuscript *Blood Eternal*. Upon review of both works, court found it "clear beyond any possible reasonable dispute that there has been no copying of plaintiff's manuscript. . . . Other than the occasional word or stock element, there is absolutely no similarity between the two works." Moreover, court admonished Starobin for engaging "in a recurring and vitriolic attack upon the character and abilities of King," which conduct court found reprehensible.

Sony Pictures Entm't, Inc. v. Fireworks Entm't Group, Inc., 137 F. Supp. 2d 1177 (C.D. Cal. 2001)

District court denied plaintiffs' motion for preliminary injunction, finding defendants' television series not substantially similar to plaintiffs' works. Plaintiffs claimed defendants' television series *Queen of Swords* copied plaintiffs' motion picture *The Mask of Zorro* and comic book *Lady Rawhide* in its characters, dialogue, theme, plot and sequence of events, and mood, setting and pace. All works at issue are set in early Spanish California and feature masked heroic character who leads double life, fights with sword against villains who have harmed heroic character's family members, and frees enslaved mine workers. Though court found defendants had access to plaintiffs' works, similarities between works did not extend to any protectible elements, but were limited to ideas, general concepts and scènes à faire. Court set forth laundry list of differences between works: (1) characters in plaintiffs' works and defendants' work fulfilled different plot roles; (2) characters in plaintiffs' works and defendants' work were motivated by different events; (3) characters in plaintiffs' works and defendants' work had different personal histories; (4) there was no demonstrated similarity in dialogue between works; (5) sequence of events surrounding freeing of slaves in gold mine differed substantially. Accordingly, court found plaintiffs could not demonstrate likelihood of success on merits of copyright claims.

Columbia Pictures Indus., Inc. v. Teevee Toons, Inc., No. CV 00-12615 CAS (C.D. Cal. Jan. 23, 2001)

District Court granted plaintiff's motion for preliminary injunction on copyright claims. Plaintiff owned copyrights in television series *Charlie's Angels*, in movie based on television series, and in artwork and logos used in movie trailers and advertising. Logos for television series and movie fea-

tured words "Charlie's Angels" and depicted "silhouettes of three women standing with their backs to each other against a background of flames" in which one woman stands in martial arts pose, one uses walkie-talkie, and one aims gun. Artwork on movie poster and cover of soundtrack CD displayed three stars of movie in shadow, against background of flames, over words "Charlie's Angels." District court found that silhouette logo used by musical group Doggy's Angels on cover of CD single, on CD album disc and artwork, in music video and on advertising poster, which depicted "silhouettes of three women standing with their backs to each other" against background of city in flames, one in martial arts pose, one using walkie-talkie or mobile phone, and one holding gun, substantially similar, under extrinsic and intrinsic tests, to plaintiff's television series and movie logos. Although individual elements of silhouettes individually unprotectible, plaintiff's selection and arrangement of elements merited copyright protection. Also, defendants' CD album artwork substantially similar to plaintiff's movie poster, and lines of dialogue spoken by producer Snoop Dogg at beginning of Doggy's Angels music video substantially similar to lines spoken at beginning of each episode of *Charlie's Angels* television series. However, because "Charlie's Angels" title not entitled to copyright protection, name "Doggy's Angels" not substantially similar to any of plaintiff's protected works. Court also held defendants not likely to be able to establish fair use defense, rejecting defendants' argument that Doggy's Angels CDs, music video and advertisement were parodic, because they did not comment on *Charlie's Angels* television series and movie.

BSS Studio, Inc. v. Kmart Corp., 53 U.S.P.Q.2d 1509 (N.D. Ill. 1999)

Court held defendant department store violated permanent injunction by selling three masks substantially similar to those produced by plaintiff. 1998 injunction prohibited defendant "from manufacturing, distributing, advertising or selling merchandise constituting unauthorized reproductions of plaintiff BSS Studio, Inc.'s copyrights and/or trademarks for Halloween masks 'Unleashed Wickedness,' 'Grave Mistake,' and 'Super Space Creature.'" Court rejected defendant's argument that injunction covered only exact duplicates of plaintiff's designs and interpreted "reproduction of copyright" to mean "a work that is substantially similar to a copyrighted work." Given nature of monster and alien masks, court held substantial similarity existed where accused work, to ordinary observer, captured "total concept and feel" of copyrighted work. Musculature and skull-like features of one mask were held to share same aesthetic appeal of plaintiff's mask. Likewise, court held lack of muscle patterns on another mask by defendant made it dissimilar to plaintiff's mask. Another defen-

dant mask was held to exhibit same "amphibious-demon concept" as second mask produced by plaintiff. Finally, space creature mask was held substantially similar to plaintiff's third mask owing to coloring and texture, despite lack of original's detail. Although holding defendant violated injunction, court declined to hold defendant in civil contempt until defendant had opportunity to offer "mental state" arguments, and therefore ordered defendant to show cause why it should not be held in contempt.

Ty, Inc. v. Le Clair, 103 F. Supp. 2d 1047 (N.D. Ill. 2000)

After weighing competing equities and interests, court declined to issue preliminary injunction. Plaintiff, maker of Beanie Babies plush bears, sought preliminary injunction prohibiting defendant from marketing its Holybears, plush bears with religious theme, which plaintiff contended were substantially similar to its Beanie Baby bears. Court refused plaintiff's request for injunction, finding that defendant's bear had more traditional "teddy bear" look than plaintiff's bear and did not meet test for substantial similarity. Court found sufficient difference in total concept and feel and in essential expression to preclude finding infringement. Moreover, in weighing equities, court found no irreparable harm to plaintiff because defendant's product was promoted toward niche market and, on balance of equities, grant of preliminary injunction would likely have put defendant out of business. Accordingly, court declined to grant plaintiff's motion for preliminary injunction.

LZT/Filliung P'ship, LLP v. Cody/Braun & Assocs., Inc., 117 F. Supp. 2d 745 (N.D. Ill. 2000)

Following bench trial, district court entered judgment for defendant, finding no infringement of copyright in construction drawings. Plaintiff, architectural firm, sued claiming defendant architectural firm infringed copyright in architectural, plumbing, mechanical, and electrical drawings plaintiff prepared under contract to third party builder and design company . Defendant, hired after dispute arose between plaintiff and builder, drew up similar plans and was sued by plaintiff. Court, although rejecting argument that plaintiff did not have valid copyright, found for defendant on issue of infringement. Court held defendant's work was not substantially similar to plaintiff's, and that defendant had independently created work based on same set of drawings supplied by third party builder and design company.

Dahlen v. Michigan Licensed Beverage Ass'n, 132 F. Supp. 2d 574 (E.D. Mich. 2001)

District court denied parties' cross-motions for summary judgment. Plaintiff and her sister developed poster entitled "We Care About You" to ad-

vise bar patrons of information relating to drinking and driving, using information from public sources such as Internet, law enforcement agencies, and Michigan statutes. Plaintiff proffered poster to defendant, statewide trade association of liquor license holders. Defendant declined to purchase plaintiff's poster. Instead, defendant created its own poster, entitled "Do You Know Your Rights?," using copy of plaintiff's poster as template. Defendant then made several revisions to this poster, including incorporation of true/false question-and-answer format and text from one of defendant's prior publications. Plaintiff sued for infringement, and both parties moved for summary judgment on infringement claim. Plaintiff argued that "largely unrefuted" evidence of copying established unlawful copying as matter of law. Court disagreed, noting relevant question is whether end products are substantially similar. Even defendant who concedes copying may avoid infringement by intentionally making sufficient changes to work that would otherwise be substantially similar to plaintiff's work. Defendant offered evidence of independent creation of aspects of its poster. Evidence thus did not foreclose possibility that defendant altered finished work sufficiently that it no longer constituted unlawful appropriation of protected elements of plaintiff's poster. Assessing similarity of works under "ordinary observer" standard, court found neither party should prevail as matter of law. Rather, question would be left for jury to resolve.

Whitehead v. New Line Cinema, Copyr. L. Rep. ¶ 28,216 (D.D.C. 2000)

Following disposition of similar case between *pro se* plaintiff and other film company, district court lifted stay in present case and entered summary judgment for defendant, finding no infringement of plaintiff's copyright in college paper about Gulf War. Plaintiff, author, sued movie producer and other individuals associated with making of defendants' film *Wag the Dog*, claiming copyright infringement, misappropriation and numerous other claims, alleging defendants' movie was based on plaintiff's paper. Court held no reasonable person could find defendants' film substantially similar to plaintiff's work, and any similarity between works was in abstract and non-protectible ideas. Court also dismissed, *sua sponte*, plaintiff's other claims and plaintiff's claims against other individuals, stating plaintiff did not provide any evidence relating to claims other than that for copyright claims. Claims against each individual were identical to plaintiff's copyright claims and need not be re-litigated.

United States v. Washington Mint, L.L.C., 115 F. Supp. 2d 1089 (D. Minn. 2000)

District court granted U.S. Mint's motion for preliminary injunction against private mint based on infringement of copyright in portion of design depicted on coin derived from designer's original plaster sculpture. Government selected, through anonymous selection process, obscure designs created by private artist for new dollar coin. Defendant admitted to creating and producing replica from public information released by government. Subsequently, government obtained and registered copyrights in connection with designs. Defendant refused to comply with government's request to cease and desist advertising and distribution of replica of coin. Court held replica of newly issued dollar coin violated federal government's copyright in original sculpture of coin to extent that actual coin contained substantial portions of design depicted in sculpture. Even though government did not own copyright in coin, it did own copyright in portion of design depicted on coin derived from designer's original plaster sculpture. Actual dollar coin copied by defendant mint contained substantial portions of design depicted in original sculpture of coin. Further, comparison of mint's replica and photograph of original design revealed substantial similarities. Thus, court held, defendant mint reproduced portions of original design by copying actual dollar coin derived from it.

Yankee Candle Co. v. Bridgewater Candle Co., 99 F. Supp. 2d 140 (D. Mass. 2000)

Defendant's motion for summary judgment on copyright infringement of nine photographic labels for plaintiff's scented candles granted. For six labels, namely, eucalyptus, cranberry, gardenia, mulberry, fresh peach and raspberry, court followed *Concrete Mach. Co. v. Classic Lawn Ornaments, Inc.*, 843 F.2d 600 (1st Cir. 1988), holding that merger applied because there was only one way of expressing idea of these fruits and flowers, i.e., by means of photograph or drawing. For remaining three labels, namely, French vanilla, cinnamon and spiced apple, court held idea also merges with expression, because there are very few ways to express ideas of cinnamon, French vanilla and spiced apple. Thus, court held, parties' labels depict most ordinary of subjects in most ordinary of ways, and "similarity that inevitably stems from the commonality of subject matter is not proof of unlawful copying." *Concrete Mach. Co.*, 843 F.2d. at 607. Further, court applied "scènes à faire" doctrine to plaintiff's use of ice cream cone on its label for French vanilla, holding that since vanilla ice cream naturally conveys idea of French vanilla, and use of cone is logical extension of idea of vanilla ice cream, no one person can have protectible copyright on expression of ice cream cone to clarify or elucidate idea of vanilla. Since subject matter of claim is photographs, special considerations apply.

Where photographs depict common, ordinary subjects, copyrighted photograph and infringing photograph must be almost perfectly identical to find infringement. Plaintiff can only copyright its particular photograph of that fruit or flower, and not depiction of common fruits and flowers. Applying "ordinary observer test" to those elements of copyrighted works which are protectible, court held no reasonable person would conclude that defendant's labels were substantially similar to plaintiff's labels.

Medias & Co. v. Ty, Inc., 106 F. Supp. 2d 1132 (D. Colo. 2000)

After weighing competing equities and interests, court granted preliminary injunction in favor of defendant-counterclaimant, Ty, Inc. Ty, Inc. sought preliminary injunction prohibiting plaintiff-counterdefendant from marketing its "Puddles" plush duck and *Puddles Times Two* book, asserting substantial similarity to its copyrighted Beanie Baby Quackers stuffed animal. Court found that Medias had access to copyrighted work because Medias sent actual Ty Beanie Babies toys to illustrator. Moreover, court found in favor of substantial similarity by applying "abstraction-filtration-comparison" test (*Country Kids 'N City Slicks, Inc. v. Sheen*, 77 F.3d 1280, 1284 (10th Cir. 1996)). Test (1) separates non-protectible ideas from particular expression of work; (2) then filters out non-protectible components of product from original expression; and (3) finally compares remaining protected elements to allegedly copied work to determine if two works are substantially similar. After removing non-protectible ideas and components of product, court found Medias "Puddles" plush duck and *Puddles Times Two* so similar to Ty's Beanie Baby Quackers that ordinary reasonable person would conclude Medias unlawfully appropriated Ty's protectible expression. Moreover, in weighing equities, court found potential injury to Medias caused by injunction merited little consideration and was insufficient to outweigh continued wrongful conduct. Accordingly, court granted Ty, Inc.'s motion for preliminary injunction.

C. *Computer Works*

Beckman Instruments, Inc. v. Cincom Sys., Inc., Copyr. L. Rep. ¶ 28,127 (9th Cir. 2000), *cert. denied*, 121 S. Ct. 1093 (2001)

Ninth Circuit reversed denial of plaintiff licensor's summary judgment motion and held defendant licensee infringed plaintiff's copyright in computer software when third party used and made copies of software on defendant's behalf. Court held license agreement authorized licensee's use of software and was non-transferable right, observing agreement explicitly prohibited defendant from "selling, giving or leasing" software without plaintiff's express written approval. Third party's actions included copying of software, including back-up copying of licensee's files contain-

ing software. Court noted, however, that infringement did not occur when third party ran software onto different central processing unit.

Computer Mgmt. Assistance Co. v. Robert F. DeCastro, Inc., 220 F.3d 396 (5th Cir. 2000)

In case involving modification of computer program used for sales and pricing in picture-framing business, court affirmed judgment for defendant on copyright, trade secret, and unfair trade practice claims. Court applied "abstraction-filtration" method of analysis to determine copyright protection for software, taking approach from Tenth Circuit in *Gates Rubber Co. v. Bando Chem. Indus., Ltd.*, 9 F.3d 823 (10th Cir. 1993). Applying "abstraction-filtration" method, court first found that program contained several features that qualified as protectible expression and were separable from idea, process, or method. Next, in "filtration" step, court found certain elements in original program to be scènes à faire dictated by business practices in industry and removed these elements from consideration in comparing two programs. Applying substantial similarity analysis to remaining, non-functional protected elements, court found programs were written in different basic languages and employed different sequences. Accordingly, they were similar only in that both served user's needs "when modified to reflect the particular practices of the framing industry and [defendant's] business." Thus there was no substantial similarity between protectible elements.

Stenograph, L.L.C. v. Sims, 55 U.S.P.Q.2d 1436 (E.D. Pa. 2000)

On motion for summary judgment in case concerning software used by court reporters, court entered judgment for plaintiff and ordered return to plaintiff of all copies of software in defendant's possession. Plaintiff licensed software to court reporter, who later reported it stolen with her laptop computer. Defendant later requested customer service for licensee's stolen software, stating, when accused of theft, that she received it as gift from licensee. In suit brought on various grounds, court granted plaintiff's motion for summary judgment on copyright claim, finding that (1) plaintiff's certificate of registration was *prima facie* evidence of validity of ownership, and (2) where defendant admitted to using copyrighted software, "that alone would make the defendant liable for copyright infringement absent the owner's authorization." Court concluded that defendant's use of software would be infringing even if she had relied on representation by licensee that software was gift, because first sale doctrine, permitting free transfer of lawful copy, did not apply when copy was licensed rather than sold, because plaintiff retained ownership.

First Nat'l Bank of Omaha v. Three Dimension Sys. Prods., Inc., 130 F. Supp. 2d 1102 (D. Neb. 2001)

District court refused to enter jury verdict in favor of bank on claim of anticipatory breach of contract against defendant software firm which had contracted to develop platform system including licenses for copyrighted software. No reasonable jury could have concluded defendant's actions constituted "a positive and unequivocal manifestation that [it would] not render the required performance when it [was] due." Bank breached contract by failing to pay license fee and amounts due under maintenance agreement for software. As result of breach, defendant terminated agreements and schedules between parties, including licenses for use of software and licensed programs. Plaintiff, affiliates and subsidiaries continued using defendant's products. Except for software under contract which had been fully completed and was subject to perpetual license, plaintiff's use of software under other contracts constitutes willful infringement, entitling defendant to damages. However, because same conduct represented both breach of contract and willful infringement, defendant is not permitted to recover two separate damage awards. Additionally, defendant is entitled to statutory damages because infringement was willful. Court refused to set aside judgment as matter of law on defendant's conversion counterclaim, and granted defendant's request for injunctive relief, ordering plaintiff to cease further use, distribution, marketing, or sale of software in its offices or offices of subsidiaries and client banks, and to return copies of software and mainframe software components/enhancements to defendant.

Wilcom Pty., Ltd. v. Endless Visions, 128 F. Supp. 2d 1027 (E.D. Mich. 1998), *aff'd*, 229 F.3d 1155 (6th Cir. 2000)

Court granted plaintiffs' motion for summary judgment in case involving creation and distribution of software "patches." Plaintiff is manufacturer of computer embroidery software. Each copy of software has security device which tells software which level of features customer is allowed to access. Defendants created and sold software "patches" — exact copies of computer program's main file with minor alterations to interact with security device — to defeat security code in plaintiff's software. Court found no issue of material fact as to defendant's copying of plaintiff's computer code, as well as access and substantial similarity. Evidence of access and actual copying was established by matching serial numbers and identification codes in defendant's patches to serial numbers and identification codes of plaintiff's actual software sold to third party. Additionally, court inferred copying by finding substantial similarity between defendant's patches and plaintiff's software. For instance, defendant's patch for one program duplicated 926,586 of 926,720 bytes of information. Court found

similarity between copy and original so striking as to preclude possibility of independent creation.

D. Contributory/Vicarious Infringement

A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004 (9th Cir. 2001)

Unanimous Ninth Circuit panel affirmed district court holding that on-line music service Napster was contributory and vicarious infringer of copyrighted songs and sound recordings, but remanded for narrowing of original preliminary injunction. Defendant's service provides access to digital music files without permission of copyright owners, but does not maintain its own unauthorized database of copyrighted music. Rather, service facilitates communications between "host" computers (which contain unauthorized MP3-format copies of particular sound recordings) and users seeking music stored on those host computers. When Napster user selects particular sound recording from index of titles, Napster provides requesting user's computer with address of host computer on which that song resides, and music is transmitted from host to requesting user without further action by either party. Plaintiffs alleged contributory and vicarious copyright infringement, and on July 26, 2000 district court issued preliminary injunction, which Ninth Circuit affirmed in part. As to liability, court found that "plaintiffs have shown that Napster users infringe at least two of the copyright holder's exclusive rights . . . Napster users who upload file names to the search index for others to copy violate plaintiffs' distribution rights. Napster users who download files containing copyrighted music violate plaintiffs' reproduction rights." Case was remanded to district court, which entered revised injunction on March 5, 2001; Napster's petitions for rehearing and for rehearing *en banc* were rejected.

Microsoft Corp. v. Logical Choice Computers, Inc., Copyr. L. Rep. ¶ 28,211 (N.D. Ill. 2001)

District court held co-defendant president and owner of defendant corporation vicariously and contributorily liable for copyright infringement because defendant owner had "right and ability" to supervise acquisition and distribution of counterfeit software and because owner had direct financial interest in profits derived from infringing activity. At outset, court observed defendant corporation was registered participant in plaintiff's software delivery service, and consequently was "on notice that only certain companies are authorized to supply Microsoft software." Court noted defendants properly acquired some of plaintiff's software from authorized suppliers. However, after defendants acquired over 780 software units from unauthorized suppliers, plaintiff investigator purchased three such units from defendant and determined them to be counterfeit. Following

defendants' failure to satisfy demands set out in plaintiff's cease-and-desist letter and plaintiff's subsequent purchase of additional non-conforming software, plaintiff filed complaint alleging, among other state and federal claims, that defendants' acquisition and redistribution of counterfeit software infringed plaintiff's copyrights. Court observed defendants did not deny they distributed software in question but instead maintained software was not counterfeit or, alternatively, that they were unaware of software's counterfeit nature. Persuaded in part by recent case purportedly deciding some of same issues (*Microsoft Corp. v. Compusource Distribs., Inc.*, 115 F. Supp. 2d 800 (E.D. Mich. 2000), *infra*), court held defendants failed to create dispute of fact that software was not counterfeit. Court also held intent was relevant only to consideration of damages, not underlying liability. Accordingly, court granted plaintiff's motion for summary judgment. Concerning defendant owner's liability, court observed individuals are liable for copyright infringement under two theories: "vicarious liability" arising from "right and ability" to supervise infringing activity and direct financial interest in such activities; and "contributory liability," arising from knowledge of and participation in infringing activity or from materially contributing to another's infringing conduct. On basis of record, court held owner was both vicariously and contributorily liable because he had "right and ability" to supervise acquisition and distribution of counterfeit software and because he held financial interest in infringement insofar as defendant corporation was sole source of his income.

E. Derivative Works

Flack v. Friends of Queen Catherine, Inc., 139 F. Supp. 2d 526 (S.D.N.Y. 2001)

District court denied defendants' motion to dismiss as to plaintiff's infringement claims. Defendant non-profit organization ("FQC") commissioned plaintiff artist to design and supervise fabrication and installation of 35′ bronze sculpture of Queen Catherine of Braganza, namesake of Borough of Queens, on East River site overlooking Manhattan. At co-defendant foundry, plaintiff completed 22″, 44″ and 10′ bronze versions of sculpture, and worked on clay model of face and other parts of 35′ version. FQC approved sculpture and authorized creation of molds and casting. Project had by then become controversial, and Borough withdrew offer of East River site for sculpture. FQC and foundry entered into new agreement providing foundry would assemble and finish sculpture, with artist not permitted to supervise or approve fabrication. Mold of head of 35′ statue was placed outdoors at foundry, damaging face of sculpture. Artist offered to resculpt face for additional fee, but foundry instead hired artist's assistant, who allegedly created "distorted, mutilated" model. De-

fendants proceeded with fabrication of statue, and artist commenced action for violations of Visual Artists Rights Act and copyright infringement, seeking preliminary injunction prohibiting defendants from modifying or destroying 35′ clay sculpture. Complaint alleged clay face rebuilt by assistant was infringing derivative work or reproduction. Defendants conceded copying, but contended (1) if copying was reproduction, it was authorized under provision of artist-FQC agreement designating both artist and foundry as entities "responsible" for creating 35′ "enlargement"; and (2) if copying was so imprecise as to constitute creation of derivative work, then it was authorized under provision of agreement granting FQC exclusive, irrevocable license, *inter alia*, to create derivative works and certain "replicas and models." Court found contract language expressly excluded from rights granted to FQC right to make reproductions "exceeding 15″ in height." Designation of foundry as entity "jointly responsible" for "enlargement" did not, therefore, contain implied authorization to copy full size work. Court also rejected defendants' contention that agreement granted FQC license to create modified 35′ sculpture as derivative work. Agreement did authorize FQC to create derivative works, but also provided FQC could complete 35′ bronze on its own only if agreement was terminated. Applying contract principle that "if there is an inconsistency between a general provision and a specific provision . . . the specific provision controls," court concluded agreement did not grant FQC license to create modified 35′ sculpture otherwise violative of artist's copyright. Motion to dismiss was denied as to copyright claims. Court, however, denied plaintiff's motion for preliminary injunction, which relied on cases stating that showing of copyright or VARA violation creates presumption of irreparable harm. As surviving claims were solely for past violations, presumption was inapplicable, and artist failed to establish irreparable harm.

Sun Microsystems, Inc. v. Microsoft Corp., Copyr. L. Rep. ¶ 28,088 (N.D. Cal. 2000)

Court granted defendant's motion for summary judgment, dismissing plaintiff's copyright infringement claim. Parties entered into non-exclusive license agreement which granted Microsoft right to create derivative works of Sun's Java Virtual Machine technology, so long as derivative works passed compatibility tests. In infringement action, Sun alleged that Microsoft exceeded scope of license by distributing software products containing Java technology not compatible with Sun's most recent significant upgrade of technology. Microsoft argued that Sun's copyrighted code was licensed, and that compatibility obligations are independent covenants which become applicable only after termination of agreement. Court agreed with Microsoft, finding language and structure of agreement suggested compatibility requirements were independent covenants, and not

conditions or restrictions on scope of Microsoft's license prior to termination. Where parties intended to condition or limit scope of license, they did so expressly in agreement. Compatibility section of agreement, however, contained no express limitation.

F. Criminal

Snowden v. Lexmark Int'l, Inc., 237 F.3d 620 (6th Cir. 2001)

Court of Appeals affirmed district court's grant of summary judgment in favor of former employee charged with violation of Racketeer Influenced and Corrupt Organizations Act ("RICO"). Lexmark, manufacturer and retailer of computer printing products, claimed Snowden stole and used memory module chips in violation of copyright laws to distribute computer software through bulletin board services. Court found Lexmark failed to show existence of predicate acts necessary to prove RICO violation because Snowden's acts occurred before infringement became predicate act for RICO violation under Anticounterfeiting Consumer Protection Act of 1996 ("ACPA"). Accordingly, court found Snowden's infringing activities cannot constitute predicate acts unless he also infringed after July 2, 1996, effective date of ACPA. Infringement should not retroactively be considered predicate act for RICO violation because doing so would increase liability for past conduct in violation of *Landgraf v. USI Film Products*, 511 U.S. 244 (1994).

G. Miscellaneous

Marvullo v. Gruner + Jahr AG & Co., Copyr. L. Rep. ¶ 28,204 (S.D.NY. 2001)

District court denied defendant's motion to dismiss plaintiff's third amended infringement complaint. Plaintiff photographer alleged defendant Stern Magazine infringed copyright in plaintiff's photo by knowingly inducing publisher, under false pretenses, to use plaintiff's photo beyond scope of license agreement. Plaintiff and defendant agreed that plaintiff's photo of White House photographer Bob McNeely photographing President Clinton may only be used alongside article written by plaintiff on White House Photo Unit. Employee of magazine had informed plaintiff that plaintiff's photo and article were approved for publication. Publisher instead placed photo with "salacious" article about President Clinton. Court concluded that since German publisher used photo in manner that exceeded scope of license, plaintiff stated claim for infringement. Claim against U.S. distributor also lies, as violation of plaintiff's right of distribution (§106(3)). Finally, court held that since magazine employee used subterfuge to obtain photo, plaintiff met requirements to state claim for contributory infringement.

Galiano v. Harrah's Operating Co., Copyr. L. Rep. ¶ 28,199 (E.D. La. 2000)

In action for infringement of business uniform designs, district court denied plaintiffs designers' motion for summary judgment. Defendant casino owner hired plaintiffs to develop line of uniforms for its employees. Sketches of proposed uniforms were created at meeting attended by plaintiffs and defendant's employees. Defendant later contended that plaintiffs were unable to create patterns for and manufacture uniforms, and contracted with third party to manufacture uniforms. Thereafter, plaintiffs asserted that subsequent consent agreement governing use of specified designs was invalid because signatory acted without plaintiffs' authority. Three years later, plaintiffs obtained registration certificate for uniform sketches. At outset, court opined that several issues of material fact existed as to whether copyright was even valid, including whether sketches were jointly created by plaintiffs and defendant at initial meeting. As to subject matter, court observed that copyright protection has been extended to "the separable artistic, non-useful elements of apparel, such as an embroidered design on clothing, distinctive striping and color patterns, placement of appliques, jacquard patterns, costume elements, and novelty features." But on basis of review of sketches' color scheme and "contrasting ribbed borders," court held "genuine issue of material fact" remained whether in relation to clothing there existed copyrightable separable, artistic elements. As to infringement of clothing designs, court observed "more discerning" inspection was warranted, beyond finding of substantial similarity by ordinary observer. Court held record insufficient to support finding that there existed protectible separable, artistic elements in designs, that substantial similarity existed between plaintiffs' and defendant's works, and whether infringement occurred.

Alvarez Guedes v. Martinez, 131 F. Supp. 2d 272 (D.P.R. 2001)

Summary judgment granted to defendant dismissing claim of infringement arising out of broadcast of recordings. Plaintiff recorded 29 volumes of comedy skits and jokes, and registered them for copyright. He sued alleging defendant infringed copyrights in recordings by broadcasting them over radio without his consent. Defendant moved for summary judgment, arguing mere broadcast of recordings does not constitute infringement of recordings. Court noted plaintiff held copyright not in material contained on recordings, but only in recordings themselves. Section 114 of Act does not confer performance right on holder of sound recording copyright. Broadcast of recording constitutes performance. Consequently, plaintiff could not protest performance, only distribution, of recordings. Court noted that "distribution" requires transmission of "material object" in which sound recording is fixed, and held that, since "it is clear that merely

transmitting a sound recording to the public on the airwaves does not constitute a 'distribution,'" plaintiff had no copyright claim.

VI. DEFENSES/EXEMPTIONS

A. Fair Use

Davis v. The Gap, Inc., 246 F.3d 152 (2d Cir. 2001)

Second Circuit held depiction of "wearable art" in print ad photo was not fair use. Plaintiff created distinctive metal jewelry resembling eyeglasses, worn by popular entertainers and featured in various publications. Gap created ad conspicuously featuring model wearing plaintiff's eyewear. Ad ran in national magazines and on sides of buses in large cities. After Gap rebuffed plaintiff's efforts to interest Gap in selling eyewear, plaintiff registered copyright and sued for infringement in Southern District of New York. District court granted Gap's motion for summary judgment, finding plaintiff not eligible for any form of damages. On appeal Gap contended, *inter alia*, that dismissal should be affirmed under fair use and *de minimis* doctrines. Circuit court rejected Gap's fair use defense, finding all statutory factors favored plaintiff. First, use was for advertising, at "outer limit of commercialism." Ad was not transformative; rather, it looked to court "much like an ad Davis himself might have sponsored" for eyewear. By taking design for free, Gap avoided paying "customary price" plaintiff was entitled to charge for use of design in ad. On second factor, work was artistic creation, close to "core of the copyright's protective purposes." On third factor, ad presented "head-on full view of Davis's piece, centered and prominently featured." On fourth factor, court found plaintiff suffered market harm both through loss of reasonable royalty from Gap and through diminished opportunity to license to others, who might regard design as preempted by Gap's ad. Circumstances also rendered *de minimis* doctrine inapplicable. Distinctiveness of design itself; fact that "eyes are naturally a focal point of attention"; and fact that jewelry wearer stands at apex of V formation in photo all cause viewer's gaze to be "powerfully drawn" to plaintiff's design. Ad, further, created impression that subjects were outfitted entirely in Gap merchandise — including eyewear. Gap's use of design, accordingly, could not be deemed *de minimis*.

A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004 (9th Cir. 2001)

Unanimous Ninth Circuit panel affirmed district court holding that on-line music service Napster was contributory and vicarious infringer of copyrighted songs and sound recordings, but remanded for narrowing of original preliminary injunction. Defendant's service provides access to digital music files without permission of copyright owners, but does not maintain

its own unauthorized database of copyrighted music. Rather, service facilitates communications between "host" computers (which contain unauthorized MP3-format copies of particular sound recordings) and users seeking music stored on those host computers. When Napster user selects particular sound recording from index of titles, Napster provides requesting user's computer with address of host computer on which that song resides, and music is transmitted from host to requesting user without further action by either party. Plaintiffs alleged contributory and vicarious copyright infringement, and on July 26, 2000 district court issued preliminary injunction, which Ninth Circuit affirmed in part. As to liability, court found that "plaintiffs have shown that Napster users infringe at least two of the copyright holder's exclusive rights. . . . Napster users who upload file names to the search index for others to copy violate plaintiffs' distribution rights. Napster users who download files containing copyrighted music violate plaintiffs' reproduction rights." Court next concluded that individual Napster users did not have valid fair use defense under § 107. Napster users did not make transformative use of plaintiffs' works, but merely retransmitted them in different medium. Moreover, use was commercial despite lack of any payment to individual users, because "repeated and exploitative unauthorized copies of copyrighted works were made to save the expense of purchasing authorized copies." Second and third statutory fair use factors also clearly weighed against Napster users because plaintiffs' works are creative in nature and were copied in their entirety. Under fourth factor, court upheld district court's reliance on expert reports regarding reduced CD sales among college students and "barriers to plaintiffs' entry into the market for the digital downloading of music." Other specific uses of Napster, allegedly less damaging, were also separately considered by Ninth Circuit but did not alter fair use analysis. "Sampling," whereby Napster users download recordings prior to making purchase decisions, is commercial use because plaintiffs charge royalty fee for use of samples on legitimate websites, and tightly regulate length and number of plays for such samples. Napster, by offering users free, complete and permanent copies, directly harms that market. Further, Ninth Circuit held that any alleged increase in CD sales attributable to Napster use would not tip fair use balance toward Napster: "Increased sales of copyrighted material attributable to unauthorized use should not deprive the copyright holder of the right to license the material. Nor does [the alleged] positive impact in one market, here the audio CD market, deprive the copyright holder of the right to develop identified alternative markets, here the digital download market." "Space-shifting," in which Napster users download music they already own, is no less problematic than any other Napster use because it necessarily involves unauthorized distribution of plaintiffs' work, unlike "time shifting" approved in *Sony* or "space shift-

ing" condoned in *dicta* in *RIAA v. Diamond Multimedia Sys., Inc.* Finally, Napster's inclusion of music by non-objecting copyright owners, such as new artists seeking exposure for their work, or its offering of services such as chat rooms and message boards, did not affect fair use analysis because plaintiffs did not seek to enjoin these uses. Case was remanded to district court, which entered revised injunction on March 5, 2001; Napster's petitions for rehearing and for rehearing *en banc* were rejected.

Worldwide Church of God v. Philadelphia Church of God, Inc., 227 F.3d 1110 (9th Cir. 2000), *cert. denied*, 121 S. Ct. 1486 (2001)

Leader of Worldwide Church of God ("WCG"), Herbert Armstrong, wrote 380-page book entitled *Mystery of the Ages* ("MOA") and distributed over nine million free copies. After Armstrong's death, WCG discontinued distribution of MOA due to changes in Church's religious doctrines and racist nature of Armstrong's views. Two former WCG ministers founded defendant Philadelphia Church of God ("PCG"), which strictly follows Armstrong's teachings and considers MOA to be "central to its religious practice and required reading for all members." PCG made and distributed approximately 30,000 verbatim copies of MOA without permission of WCG. District court denied WCG's motion for preliminary injunction and granted PCG's motion for summary judgment, implicitly holding that WCG was not copyright owner and holding that PCG's use constituted fair use. Ninth Circuit reversed. WCG was copyright owner because Armstrong bequeathed entire estate to WCG. Noting that WCG's right to copy and distribute work "is not diminished or qualified by the fact that WCG is a not-for-profit organization and does not realize monetary benefit from the use of the copyrighted work," court held that PCG's unauthorized copying and distribution did not qualify for narrow exemption, under 17 U.S.C. § 110(3), for performance or display of nondramatic literary work of religious nature. As to fair use, first and third factors weighed in WCG's favor because PCG's wholesale copying of entire work was not transformative and, although PCG did not sell copies of MOA, it profited by attracting new church members. Court considered MOA to be creative, rather than informational, under fair use factor two, reasoning, "While it may be viewed as 'factual' by readers who share Armstrong's religious beliefs, the creativity, imagination and originality embodied in MOA tilt the scale against fair use." Because WCG planned to publish annotated version of MOA, and because MOA had value as marketing tool, fourth fair use factor was at worst neutral. Accordingly, court held WCG entitled to permanent injunction and remanded for entry of preliminary injunction pending trial on damages.

Veeck v. Southern Bldg. Code Cong. Int'l, Inc., 241 F.3d 398 (5th Cir. 2001)

Court of Appeals affirmed grant of summary judgment to defendant, holding plaintiff-appellant infringed defendant-appellee's ("SBCCI") copyright by posting SBCCI's copyrighted model building codes on Internet. SBCCI is non-profit organization that develops, promotes and promulgates model codes, and encourages local governments to enact codes into law by reference, without cost to governmental entity. Plaintiff operates non-profit website providing information on building codes. Plaintiff visited several Texas towns and attempted without success to obtain copies of local codes at bookstores and libraries. Plaintiff then ordered copies of codes from SBCCI and posted codes on website. When SBCCI sent cease-and-desist letter, plaintiff sued, seeking declaration copyright in codes was invalid. SBCCI counterclaimed, contending plaintiff's posting of codes constituted infringement. District court granted summary judgment in favor of SBCCI, holding SBCCI held valid, enforceable copyrights. 49 F. Supp. 2d 885 (E.D. Tex. 1999). Appeals court affirmed district court's rejection of fair use defense. When use of copyrighted work is noncommercial, court stated, proof either that particular use is harmful, or that if it became widespread it would adversely affect potential market for copyrighted work, is required to overcome fair use defense. Court found posting of codes on Internet, while not harmful *per se*, could severely undermine market if it were to become widespread, thereby "depriving [SBCCI] of income used in its socially valuable effort of confecting, promulgating, and revising model codes." Potential harm prevented plaintiff from prevailing on fair use defense. Court also affirmed district court rejection of plaintiff-appellant's merger, First Amendment, misuse and waiver defenses.

Nunez v. Caribbean Int'l News Corp., 235 F.3d 18 (1st Cir. 2000)

Affirming district court grant of summary judgment, First Circuit held that reprint of evocative photographs of Miss Puerto Rico Universe 1997 in newspaper article was fair use of copyrighted work. Photographer shot several copyrighted photographs of beauty queen, including one in which she was nude or partially nude, to distribute free to professional modeling agencies. Analyzing newspaper's fair use defense, court first concluded that commercial purpose evidenced by placement of photographs on lead page to entice readers to buy paper counseled against finding of fair use. Nevertheless, court held that use of pictures as part of news stories was meant to inform concerned Puerto Ricans who feared that beauty queen was not qualified to keep her crown. Pictures' newsworthiness alone would not exempt reproduction as fair use, but instead fact that photographs were used as part of "transformation of the works into news" led to

court's finding of fair use. Court further noted newspaper's good faith because it gave photographer credit, obtained photographs legally and did not use photographs to compete with rights holder. Court finally concluded that poor reproduction of photographs on cover of newspaper would not change demand for photographs, which had been distributed free of charge, but cautioned that another newspaper's reproduction under other circumstances might destroy market for works, and thus not entitle it to fair use defense.

Byrne v. British Broad. Corp., 132 F. Supp. 2d 229 (S.D.N.Y. 2001)

Plaintiff, musician and political activist, brought suit against BBC alleging copyright infringement of song written and recorded by him. BBC recorded song, without authorization, in United States and used song in television news program broadcast in Northern Ireland. BBC moved for partial summary judgment on grounds of fair use. Denying defendant's motion, court found first statutory fair use factor favored plaintiff because purpose and character of use, including whether use was transformative, was disputed issue of fact. Second factor, nature of work, also favored plaintiff because whether song was recorded for transformative purpose was disputed issue. Thus, creative nature of work weighed for plaintiff. Third factor, amount and substantiality of work used, also weighed in favor of plaintiff because no part of song was necessary for BBC's news reporting purpose, and BBC recorded entire song. Last factor, effect of use on market for or value of original, weighed in favor of plaintiff because reasonable jury could conclude that defendant intentionally recorded song for purpose of synchronizing visual images of setting with portion of song and avoided paying for license.

Universal City Studios v. Reimerdes, 111 F. Supp. 2d 294 (S.D.N.Y. 2000)

District court held defendants' posting on website of program designed to circumvent access controls, and linking to other sites that did so, violated § 1201(a)(2) of Act, which prohibits offering or providing technology that may be used to circumvent technological protections against unauthorized access to copyrighted works. Plaintiff motion picture studios distributed copyrighted motion pictures in digital form on digital versatile disks (DVDs). To protect against piracy, studios employed encryption system called Content Scramble System, or CSS. Norwegian hacker created DeCSS, computer program that circumvents CSS and allows protected motion pictures to be copied and played on devices lacking licensed CSS decryption technology. Defendants posted DeCSS on website for download, with links to other sites posting circumvention program. Plaintiffs sued under § 1201(a)(2), seeking to enjoin posting and linking. De-

fendants argued possibility of noninfringing fair use by someone gaining access to protected work through DeCSS precluded liability under *Sony Corp. v. Universal City Studios*, 464 U.S. 417 (1984), doctrine of "capability of substantial non-infringing use." Section 1201, however, does not incorporate *Sony* test, and defendants' statutory fair use argument was without merit. Statute, court noted, reflected Congress's concern for maintaining fair use by (1) carefully limiting prohibition to act of circumvention itself, leaving intact fair use and other traditional defenses to infringement, so long as access is authorized; (2) postponing effective date of § 1201(a)(1) for two years to allow rulemaking proceeding to determine statute's compatibility with fair use concerns, with classes of works to be excepted if necessary; and (3) creating series of statutory exceptions for presumptively fair uses, including exceptions for reverse engineering and good faith encryption research that defendants pled unsuccessfully. Neither did statute as applied to posting and linking here violate First Amendment. Expressive elements and functional aspects of computer code are entwined, court found. Hence, regulation of computer code is subject to intermediate First Amendment scrutiny: regulation will be upheld if content-neutral and (1) it furthers important governmental interest; (2) interest is unrelated to suppression of free expression; and (3) incidental restriction on expression is no greater than essential to further interest. Court found § 1201 survived scrutiny and did not contravene First Amendment. Thus, plaintiffs were entitled to injunctive and declaratory relief.

Viacom Int'l, Inc. v. Fanzine Int'l, Inc., 56 U.S.P.Q.2d 1363 (S.D.N.Y. 1999)

On cross motions for summary judgment, court granted plaintiff's motion on issue of liability for copyright infringement. Plaintiff, entertainment conglomerate, claimed defendant infringed copyright by reproducing artwork depicting Nickelodeon characters in defendant's own publications. Defendant claimed it had implied license to do so and argued, in alternative, that use of works should be considered fair use. Court rejected fair use defense as frivolous, finding against defendant on all factors. On first factor — nature and character of use — defendant's publications use characters for entertainment of children, same purpose for which they were created, and lack any accompanying text or commentary. "[I]t is difficult to imagine a use more devoid of the 'transformative' nature that characterizes fair use." "Moreover, nothing marks these publications as belonging to the statutory categories that exemplify fair use . . . ." Wholly commercial character also weighs against defendant. Second factor — nature of copyrighted work — weighs for plaintiff because work is fictional as opposed to factual. Third factor — amount of work used by defendant — also weighs for plaintiff because slides used in their entirety. Fourth

factor — effect upon market for copyrighted work — also supports plaintiff because it licenses same characters for use by others. On continuum between good faith and fair dealing of true scholar and chiseler who infringes for profit, "any reasonable juror would place defendant in the company of the chiseler."

Hofheinz v. AMC Prods., Inc., Copyr. L. Rep. ¶ 28,227 (E.D.N.Y. 2001)

District court denied plaintiff's motion for preliminary injunction against producers of American International Pictures ("AIP") documentary because plaintiff failed to establish imminent and irreparable harm and because factors favored finding of fair use. Plaintiff, widow of AIP principal and owner of six copyrighted films at issue, entered into licensing agreement which granted defendant producers right to use, for purposes of cable television documentary, 59-second clips from *It Conquered the World*, *I Was a Teenage Werewolf*, *I Was a Teenage Frankenstein*, *The Amazing Colossal Man*, *The Invasion of the Saucerman*, and *Naked Paradise/Thunder Over Hawaii*. Agreement addendum provided that clip of equal length from *Apache Woman* would be substituted for *Naked Paradise/Thunder Over Hawaii*, and that two-minute clip of *It Conquered the World* would be used in place of *The Amazing Colossal Man*. Thereafter, parties began discussions on license agreement for theatrical release. Before release, plaintiff learned documentary nonetheless included *The Amazing Colossal Man* clip, and defendants sought additional licensing agreement. Plaintiff counter-offered but refused to sign agreement after viewing documentary. Plaintiff filed infringement action and sought preliminary injunction. For purposes of preliminary injunction application, court assumed plaintiff established *prima facie* case of infringement. But court held plaintiff failed to establish irreparable harm. Court further held plaintiff was unlikely to prevail in infringement action because defendant's use of copyrighted works was likely to be considered fair and, furthermore, defendant's use might be found to have been with plaintiff's express and implied consent. In its consideration of fair use factors, court opined that purpose and character of defendants' use would be found to be transformative because defendants did not attempt to "supercede the original works at issue, but to create a new copyrightable documentary." Furthermore, documentary's transformative nature outweighed consideration of cable television broadcast profits. While observing that defendants had not usurped plaintiff's first publication rights to works at issue, court held film clips constituted creative expression "lying at the core of copyright protection." Hence, court held second factor "slightly" favored finding against fair use. On third factor, court found use of clips, averaging 26 seconds from each of films in question, *de minimis* use, favoring finding of

fair use. Further, material in question did not go to "heart" of copyrighted works, and defendants took no more than was necessary for documentary's purposes. Finally, court concluded documentary would enhance, not diminish, potential market for copyrighted works. Question of market effects examines effect of documentary on demand for copyrighted works themselves, not on plaintiff's ability to license works in future. Concluding public harm would result from denial of fair use defense, owing to importance of documentary, court held balance of factors compelled finding of fair use and denied plaintiff's application for preliminary injunction.

Ticketmaster Corp. v. Tickets.com, Inc., Copyr. L. Rep. ¶ 28,146 (C.D. Cal. 2000), *aff'd*, 2001 U.S. App. LEXIS 1454 (9th Cir. Jan. 22, 2001)

Court denied preliminary injunction against defendant who copied pages from plaintiff's site as part of process of extracting and republishing factual information contained on plaintiff's site, finding such intermediate copying to be fair use. Both parties operate websites for selling entertainment and sports tickets, and defendant obtains much of its information about upcoming events by electronically copying entire pages from plaintiff's site, then reprinting data on its own site. Court initially denied motion to dismiss copyright claim, noting that "[defendant] is alleged to have copied [by] making of thousands of copies taken from Ticketmaster's internal web pages for the purpose of extracting factual data carried thereon." After further proceedings, however, court denied request for preliminary injunction on basis of fair use. Citing *Sony Corp. v. Connectix*, 203 F.3d 596 (9th Cir. 2000), court held that temporary copying of copyrighted event pages, for limited purpose of facilitating extraction of unprotectible facts, was fair use because copied pages are "not used competitively," and although other methods of extracting plaintiff's information clearly exist, defendant's method is "most efficient" and therefore should be permitted. Court cautioned that different result might be reached after trial, "depend[ing] on the necessity of downloading the Ticketmaster electronic signals."

Columbia Pictures Indus., Inc. v. Teevee Toons, Inc., No. CV 00-12615 CAS (C.D. Cal. Jan. 23, 2001)

District Court rejected defendants' fair use argument that "Doggy's Angels" CDs, music video and advertisement were parody of plaintiffs' copyrighted *Charlie's Angels* television series and movie. Under first fair use factor, court found defendants' use of artwork and logos substantially similar to plaintiff's *Charlie's Angels* logos, which depicted "silhouettes of three women standing with their backs to each other against a background of flames" in which one woman stands in martial arts pose, one uses

walkie-talkie, and one aims gun, not parody of plaintiff's works because it did not criticize or comment on original. Instead, defendants merely copied plaintiff's works, "substituting the 'Doggy's Angels' singing act for the women who portray Charlie's Angels." Court reasoned that "[t]he simple use of elements from an existing work is not parody, and the imputation of a parodic intent in a brief does not convert the use into a parody." Relying on *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 586 (1994), court held that second factor favored neither party, noting that factor has little significance in parody cases, since parodies usually copy well-known, expressive works. Third fair use factor weighed against finding of fair use because of substantial similarity between plaintiff's works and logos and artwork on defendants' CD single, CD album disc, music video and advertising poster. With respect to fourth fair use factor, due to conclusion that defendants' works not parodies of plaintiff's works, court held that "the suggestion in *Campbell* that a parody is unlikely to be in competition with its object is inapplicable." Although no evidence in record concerning harm to market for derivative works of *Charlie's Angels*, court found that fourth factor did not favor defendants, and granted plaintiff's motion for preliminary injunction on copyright claims.

B. Statute of Limitations

Maurizio v. Goldsmith, 230 F.3d 518 (2d Cir. 2000)

Court of Appeals affirmed district court's dismissal of plaintiff's copyright infringement claim, and claim for declaration of joint authorship, on ground that claims barred by Copyright Act's three-year statute of limitations. Plaintiff alleged that she wrote or collaborated on book outline and two draft chapters of novel *The First Wives' Club*. In 1991, plaintiff filed complaint against defendant in New York State Supreme Court, alleging variety of state claims related to breach of contract, conversion and unjust enrichment. State court dismissed plaintiff's complaint in 1994, holding that claims were preempted. In 1996, plaintiff filed this second litigation in federal district court asserting, *inter alia*, copyright claims, and arguing that copyright claims were not time-barred pursuant to doctrine of equitable tolling. Court reasoned that equitable tolling can be asserted where plaintiff brought federal claims in state court, but not where plaintiff brought state claims that are defeated under circumstances in which federal claims of similar gravamen might have been viable in federal court. Since plaintiff was aware or should have been aware from outset that her state law claims were preempted by Copyright Act, yet failed timely to institute federal copyright suit, doctrine of equitable tolling did not apply.

Margo v. Weiss, 213 F.3d 55 (2d Cir. 2000)

Second Circuit affirmed district court's grant of summary judgment to defendants, finding that plaintiffs' (The Tokens) claims for co-authorship and co-ownership of song "The Lion Sleeps Tonight," and for fraud, breach of fiduciary duty, and various other claims, were barred by three-year statute of limitations in Act. Plaintiffs' deposition testimony demonstrated that they were aware of grounds for their claims prior to expiration of limitations period. Court held that plaintiffs cannot defeat summary judgment by responding with affidavits recanting earlier testimony, by submitting errata sheets long after depositions are taken, or by filing supplemental answers to interrogatories.

Prostar v. Massachi, 239 F.3d 669 (5th Cir. 2001)

Reversing district court, Fifth Circuit held Act's three-year statute of limitations governed actions brought under cable communications provisions (§§ 553 and 605) of Federal Communications Act ("FCA"). Plaintiff cable broadcaster brought action against defendant restaurant for allegedly intercepting December 1997 broadcast of De La Hoya/Rivera boxing match for which plaintiff had purchased transmission rights. District court held one-year limitations period under Louisiana state code applied, and granted defendant's motion to dismiss. Observing FCA was silent on limitations period, Fifth Circuit summarized its obligation to apply "closest state-law analogue" unless application of state law would "frustrate or interfere with the implementation of national policies . . . or be at odds with the purpose or operation of federal substantive law." Under relevant two-part test, court held that, owing to Congressional objectives under §§ 553 and 605 to discourage theft of cable services, closest state law analogue was tort of conversion. Court rejected invitation to apply Louisiana state law provision for personal actions and related 10-year statute of limitations because provision did not apply to tort actions. But court concluded application of Louisiana's conversion law and relevant one-year statute of limitations would undermine implementation of FCA in view of multistate nature of actions brought under FCA and myriad of state conversion laws with their "widely varying limitations periods." Holding "a single federal standard would eliminate these practical difficulties," court held appropriate federal law analogue was Copyright Act because FCA and Copyright Act both protected proprietary rights in connection with cable transmissions. Court opined that because cable television licensee was not actually deprived of license by third party's interception of cable transmission, Copyright Act and its provision for liability predicated upon "mere copying" was more apt analogue than state conversion law. Remanding for further proceedings, court held Copyright Act's three-year limitations pe-

riod applied to plaintiffs' claims under FCA and, hence, claims were not time-barred.

Lyons P'ship, L.P. v. Morris Costumes, Inc., 243 F.3d 789 (4th Cir. 2001)

Fourth Circuit reversed district court's dismissal of copyright infringement claims brought by owner of copyrights in "Barney" character, "the well-stuffed Tyrannosaurus Rex with a green chest and stomach, friendly mien, green spots on its back, and yellow 'toeballs.'" Plaintiff alleged that costume-rental company's three costumes — purple dinosaur, "Hillary the Purple Hippopotamus," and "Duffy the Dragon" — infringed Barney copyrights and trademarks. With respect to defendant's dinosaur and hippopotamus costumes, district court dismissed claims, filed four years after plaintiff first became aware of infringing acts, as barred by Act's three-year statute of limitations and under equitable doctrine of laches. Fourth Circuit held that district court erred in barring claims arising out of activity occurring within limitations period, since "each sale or rental should be considered separately under an infringement analysis." In addition, district court erred in dismissing copyright infringement claims brought within limitations period, including claims for equitable relief, as barred by laches. Court reasoned that separation of power principles preclude courts from applying "laches to overrule the legislature's judgment as to the appropriate time limit to apply for actions brought under the statute."

Carell v. Shubert Org., Inc., 104 F. Supp. 2d 236 (S.D.N.Y. 2000)

Court granted motion to dismiss makeup designer's action seeking declaration of sole ownership of copyrights in makeup designs for cast of Broadway musical *Cats*. Defendants, producers and licensors of rights to *Cats*, alleged that *Cats*' costume designer was sole author or co-author of some of designs. Court declined to resolve factual disputes concerning authorship, finding plaintiff's ownership claims, filed in 1999, barred by three-year statute of limitations under 17 U.S.C. § 507(b). Defendants' failure to pay plaintiff royalties for use of designs put plaintiff on notice during 1980s that ownership claims accrued. Even if not on notice due to failure to pay royalties, plaintiff put on notice by defendants' 1992 cease and desist letter claiming ownership and refusal to allow plaintiff to add set and costume designer's name to copyright registration in March 1993. Court rejected plaintiff's argument that statute of limitations on copyright ownership claims tolled under equitable estoppel theory due to parties' negotiations "where the years 1992 and after [were] punctuated by defendants' cease and desist letter, initiation of cancellation proceedings, registration of their own copyright, and alleged communications to potential licensees that plaintiff's exploitation of the Makeup Designs was illegal."

Plaintiff's copyright infringement claims not time-barred, however, because plaintiff had valid registration for works at issue and copyright owner can recover for infringement that occurs within three years of filing.

Swan v. EMI Music Publ'g, Inc., 58 U.S.P.Q.2d 1089 (S.D.N.Y. 2000)

Plaintiff, who inherited from his uncle, Al Stillman, interest in Stillman's musical compositions, sued defendant music publishers seeking declaration of rights in song "Never on Sunday" ("Song"). Defendants moved to dismiss, arguing, *inter alia*, that claims were barred by statute of limitations. Defendants argued claims accrued in 1988 when defendants filed renewal copyright application in which Stillman was, for first time in registration filing, listed as employee for hire. This filing, defendants argued, placed plaintiff and predecessor in interest on notice that defendants were claiming to own copyright in Song. Court denied motion, holding that date plaintiff's claim accrued is disputed issue of fact. Copyright claims over co-ownership accrue when defendant "plainly and expressly repudiates the plaintiff's claim." Here, court was unaware of any case holding that mere filing of renewal is sufficient to place author on notice that rights are being violated. Court also noted Stillman was listed as co-author on two earlier registrations prepared by defendants; Stillman and heirs received royalties from defendants; and Stillman and heirs were never told Stillman was considered "employee for hire." Defendants' argument that amount of royalties was enough to put plaintiff on notice of its claim also could not be addressed on motion, because complaint did not set forth amount. Court stated, "unless plaintiff knew or should have known that the level of compensation was inconsistent with his rights, he was not on inquiry notice as to his claim."

DeCarlo v. Archie Comic Publ'ns, Inc., 127 F. Supp. 2d 497 (S.D.N.Y. 2000)

Court granted defendant's motion for summary judgment in case involving authorship of comic book characters, holding that plaintiff's claims, all arising under Copyright Act, were barred by statute of limitations. Plaintiff comic book artist had drawn *She's Josie* comic strip for defendant since early 1960s, and was compensated on flat rate and some royalties. As early as 1963, plaintiff learned that defendant claimed rights in work. Over years, plaintiff saw defendant undertake greater commercialization of work, and plaintiff signed contracts in which defendant claimed copyright in work. Court granted summary judgment holding plaintiff's claims barred by three-year statute of limitations, because plaintiff had known for many years that defendant claimed ownership of characters, and failed to take action.

Entous v. Viacom Int'l, Inc., 58 U.S.P.Q.2d 1628 (C.D. Cal. 2001)

Court granted defendant's motion for summary judgment. Plaintiff created TV show entitled *Music Videos: Uncut* and in late 1997-early 1998 made several submissions to defendant of written treatment and video commercial for show. Concurrent with each submission plaintiff executed submission release under which plaintiff agreed all claims in connection with defendant's use of material would be asserted "not later than six (6) months after the date on which [plaintiff] first learned (or reasonably should have been aware) of [defendant's] use or intended use." In January 2000 plaintiff sued for, *inter alia*, infringement, alleging defendant used materials in program called *MTV: Making the Video*. Defendant moved for summary judgment, contending claims were barred by six-month limitations period in releases. Plaintiff did not dispute applicability of six-month contractual limitations period, but argued accrual was governed by Act, under which limitations period is triggered only by actual infringement, rather than infringing "use or intended use" as provided in releases. Plaintiff, however, submitted no authority indicating contractual accrual rule was prohibited under Act or on public policy grounds, and court noted rule "encourages prompt institution of proceedings 'prior to the investment of the large amount of resources necessary to produce a television show.'" As substantial uncontroverted evidence showed plaintiff was aware by June 1998 that defendant was in process of developing allegedly infringing show, court granted summary judgment to defendant.

Phoenix Publ'g Int'l v. Mutual of Omaha Ins. Co., Copyr. L. Rep. ¶ 28,090 (W.D. Mich. 2000)

District court granted defendant's motion for summary judgment dismissing plaintiff's claim for damages as time-barred by three-year statute of limitations of § 507 of Act. Plaintiff argued that statute of limitations should be tolled until plaintiff had actual knowledge of copyright violation. Furthermore, plaintiff argued that because infringement was continuing wrong, court should apply "rolling statute of limitations," entitling plaintiff to all damages caused by defendant's wrongful conduct. Court ruled against plaintiff's tolling argument because defendant took affirmative steps to stop selling infringing items and to recall items upon notice of infringement. Moreover, absent special circumstances, such as fraudulent concealment, court will not toll statute of limitations. Finally, court rejected theory of "rolling statute of limitations" as contrary to Sixth Circuit holding.

C. Res Judicata

Hawkins v. Spelling, Copyr. L. Rep. ¶ 28,079 (9th Cir. 2000)

Plaintiff appealed district court's dismissal of suit seeking declaration that Spelling Entertainment Group, Inc. had no copyright interest in connection with story or motion picture *It's A Wonderful Life*. Court affirmed that copyright action was barred by *res judicata*, based on previous lawsuit filed by plaintiff against Spelling for tort and trademark claims. Plaintiff was asserting same claim or cause of action because same essential evidence would be presented in both actions, as strength of copyright and trademark claims was central to both. Moreover, right to exploit name and pictures from film, and same transactional nucleus of facts, is at heart of both actions. Since all of these matters could have been raised and easily resolved in prior action, court affirmed that copyright action was barred by *res judicata*.

Moon v. Amherst Records, Inc., Copyr. L. Rep. ¶ 28,132 (S.D.N.Y. 2000)

Court dismissed four actions as barred by *res judicata*. Plaintiff, song producer, first filed four separate actions in Eastern District of Virginia alleging defendants infringed copyright in song he co-wrote entitled "Seven Minutes of Funk" by copying and using it in demeaning song. Actions were subsequently transferred to this court. Defendants moved to dismiss, claiming *res judicata* based on prior action in New York State Supreme Court in which court dismissed plaintiff's claims, holding defendants were true owners of copyright. District court dismissed actions, finding parties were either identical or in privity; that plaintiff's claims here were or could have been asserted in prior action; and that factual issues were or could have been raised in state court action.

D. Misuse

Microsoft Corp. v. Compusource Distribs., Inc., 115 F. Supp. 2d 800 (E.D. Mich. 2000)

Summary judgment granted to plaintiff, with court concluding that defendant's reliance on *Microsoft* antitrust case did not give rise to genuine issues of fact that plaintiff misused copyright. Microsoft alleged Compusource knowingly distributed counterfeit Microsoft hardware and software. Undisputed evidence showed defendant infringed copyrights. Compusource, relying on Judge Thomas Penfield Jackson's findings of fact in *United States v. Microsoft*, 87 F. Supp. 2d 30 (D.D.C. 2000), claimed its distribution of counterfeit products was direct result of Microsoft's anticompetitive behavior and misuse of Microsoft copyrights. Court concluded Compusource did not proffer any evidence to support misuse

defense. Moreover, assuming, *arguendo*, applicability of antitrust case here, defendant demonstrated no causal nexus between antitrust violation and defendant's competitive position, because Compusource was not competitor, but rather mere distributor of Microsoft products.

E. Section 201(c)

New York Times Co. v. Tasini, 121 S. Ct. 2381 (2001)

Supreme Court, 7-2, affirmed Second Circuit decision holding that freelance authors' copyrights were infringed by unauthorized electronic republication of articles which first appeared in publishers' periodicals. Publishers licensed databases such as NEXIS to use articles, but authors of articles did not consent and were not paid for electronic uses. Defendants argued that republication on databases was privileged under § 201(c) because electronic database was "revision" of particular periodical issue in which each article first appeared. District court granted summary judgment to publishers, 972 F. Supp. 804 (S.D.N.Y. 1997), but Second Circuit reversed, 206 F.3d 161 (2d Cir. 1999). Affirming Second Circuit, Supreme Court (Ginsburg, J.) held § 201(c) inapplicable here because "each article is presented to, and retrieved by, the user in isolation, clear of the context the original publication presented." Therefore, whether articles were transmitted as text files or as scanned photographic images of actual pages from periodicals, they were either "parts of a new compendium — namely the entirety of works in the database" — or they were "part of no larger work at all, but simply . . . individual articles presented individually." Court rejected publishers' argument that databases were analogous to microfilm because "the databases offer users individual articles, not intact periodicals." Better analogy would be library stocked with copies of separate articles, which Court found could not plausibly be called "revision" of periodicals in which articles originated. Further, users' hypothetical ability to reconstruct entire editorial content of particular periodical issue was irrelevant to Court's analysis: "the fact that a third party can manipulate a database to produce a noninfringing document does not mean the database is not infringing." Court also rejected publishers' "substantial noninfringing uses" argument from *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984), because databases were direct (rather than contributory) infringers. Court expressly declined to address several other issues raised below, including whether databases violated authors' exclusive display rights, whether publishers' § 201(c) privilege is transferable, and degree to which databases preserve copyrightable aspects of original publications. As to remedy, court noted that injunction was not necessarily appropriate, but "we leave remedial issues open for initial airing and decision in the District Court." In dissent, Justice Stevens (with Breyer, J.) argued that § 201(c) should apply here because changes in peri-

odicals, such as division into separate article files, are "necessitated by the electronic medium" and database contains entire editorial content of original publications and preserves "all-important editorial selection." Proper analogy for dissent would be floppy disk containing entire daily edition of New York Times, which should qualify as revision of that issue, and which should not lose that status simply because it exists in large database containing other similar revisions. Dissent concluded that underlying policy of Copyright Act, i.e., "broad public availability of literature, music and the other arts," would be better served by permitting publishers' digital distribution: "the majority's focus on authorial incentive comes at the expense of the equally important . . . public interest."

Greenberg v. National Geographic Soc'y, 244 F.3d 1267 (11th Cir. 2001)

Reversing district court, Eleventh Circuit held that magazine publisher had no statutory privilege under § 201(c) to re-issue freelance photographer's contributions in CD-ROM compilation of back issues. Plaintiff contributed photos to National Geographic magazine in 1960s. In 1996, publisher compiled 30-volume set of CD-ROMs reproducing every issue in magazine's 112-year history, including issues in which plaintiff's photos appeared. Publisher wrote to inform plaintiff of CD-ROM project, but plaintiff objected to re-use of works without additional payment. Publisher completed project without authorization. In addition to digital images of magazine pages, project incorporated 25-second animated montage ("Sequence") at beginning of each disc which digitally modified one of plaintiff's photos, and data management software ("Program"), which allows users to search and retrieve material more easily. Publisher registered copyright in set as compilation, and also claimed authorship of "introductory audiovisual montage." Trial court held publisher's use was privileged under § 201(c). Plaintiff appealed, arguing CD-ROM set was not "revision" of original print publications in which his works appeared. Eleventh Circuit reversed trial court and held in Greenberg's favor. Court assumed *arguendo*, but expressly did not decide, that digital scans of magazine pages themselves might be privileged under § 201(c), but "we are unable to stretch [the statutory language] to encompass the Sequence and Program elements as well. In layman's terms, the instant product is in no sense a 'revision.'" Court relied on legislative history, which finds § 201(c) inapplicable to "a new anthology or an entirely different magazine or other collective work." By adding Sequence and Program, both of which are separately copyrightable works, publisher created "new collective work," not merely revision of original issues. Court reasoned by syllogism that (a) CD-ROM set was registered as "compilation"; (b) "collective work" is defined as type of compilation under § 101; and (c) legislative

history of § 201(c) expressly denies privilege to new "collective work"; therefore, (d) CD-ROM set does not qualify for privilege. Petition for *certiorari* is expected.

F. Miscellaneous

Kling v. Hallmark Cards, Inc., 225 F.3d 1030 (9th Cir. 2000)

Ninth Circuit reversed district court grant of summary judgment for defendants, concluding there was genuine issue of material fact as to when plaintiff or deceased husband knew about defendants' infringement. In early 80s, writer/producer Woody Kling contracted with Defendant DIC Enterprises to write three scripts for Rainbow Brite and Robotman cartoon specials. Defendant subsequently registered copyrights in various Rainbow Brite works, including Kling scripts which were purportedly assigned by DIC. Kling died in 1988. In 1994, during visit to Blockbuster Video, plaintiff Mary Kling, successor of Woody Kling's assets, discovered that Hallmark released Rainbow Brite specials on video in 1985. Further review of video store catalogue revealed that United Artists also released several Robotman specials, originally developed by Kling. Mrs. Kling filed copyright infringement action in 1997. In 1998, district court granted defendants summary judgment, concluding that Mrs. Kling, non-obvious copyright owner, unreasonably delayed in bringing action on issue of ownership. Ninth Circuit held that district court's "non-obvious" rule failed, because requirement that all non-obvious owners should sue on ownership issues or lose rights to relief for future infringement would encourage "scavengers to assert meritless claims of ownership." Accordingly, court stated that knowledge of contested *ownership* is not enough to trigger laches period with respect to potential copyright *infringement* claims. Moreover, court determined that summary judgment was improper since there was genuine issue of material fact as to whether Mr. or Mrs. Kling knew about defendants' actual or impending infringement prior to 1994.

Ackoff-Ortega v. Windswept Pac. Entm't Co., 120 F. Supp. 2d 273 (S.D.N.Y. 2000)

District court granted defendant Windswept's motion for judgment on pleadings, concluding defendant songwriter's execution of general release discharged plaintiffs' claim. In 1968, songwriter Robert Ackoff and several songwriters, including Richard Rosenblatt, authored hit "Mony Mony." Robert Ackoff assigned his interest in initial term of copyright to Patricia Music. Patricia Music assigned its interest in copyright to Windswept. Robert Ackoff died intestate, survived by sister Cele Ackoff and brother Jon Ackoff, who claimed ownership in renewal copyright of "Mony Mony." Cele Ackoff subsequently assigned interest in renewal

copyright to Richard Rosenblatt. In addition, Windswept filed supplementary registration claiming Ackoff created "Mony Mony" as work for hire. Rosenblatt filed several lawsuits against Windswept disputing ownership of "Mony Mony." After years of litigation, Rosenblatt executed general release, discharging all present and future claims against Windswept. In 1999, Ackoffs sued Windswept seeking declaratory judgment that they owned Robert Ackoff's portion of renewal copyright in "Mony Mony." Court asserted that Cele Ackoff's assignment of interest in renewal copyright to Rosenblatt gave Rosenblatt power to assert claims to protect such interest. Rosenblatt/Windswept general release was, therefore, binding on Ackoffs, and discharged Ackoffs' claims against Windswept.

Viacom Int'l, Inc. v. Fanzine Int'l, Inc., 56 U.S.P.Q.2d 1363 (S.D.N.Y. 1999)

On cross motions for summary judgment, court granted plaintiff's motion on issue of liability for copyright infringement. Plaintiff, entertainment conglomerate, claimed defendant infringed copyright by reproducing artwork depicting Nickelodeon characters in defendant's own publications. Defendant claimed that although it did in fact copy plaintiff's television characters, it had implied licenses to do so. Defendant acquired slides of Nickelodeon characters through one Schoengood, whose firm had been hired by defendant to design products in question. Schoengood called Nickelodeon publicity department, represented self as working on new publication, and requested materials in general. Next day Schoengood received package of publicity materials, which defendant used to produce publications at issue. Court rejected license claim, finding that informal conversations between Schoengood and Nickelodeon did not convey license to reproduce characters; no manifestation of mutual assent. Moreover, transfer of slides did not provide license to copy under circumstances.

Microsoft Corp. v. Logical Choice Computers, Inc., Copyr. L. Rep. ¶ 28,211 (N.D. Ill. 2001)

Rejecting defense that defendants lacked intent to infringe plaintiff's copyrights in software products, district court granted plaintiff's summary judgment motion because defendants failed to present evidence disputing finding that software in question was counterfeit. Court held intent defense was "inappropriate to a finding of copyright liability because infringement does not require any particular state of mind," and instead was relevant only to consideration of damages. At outset, court observed defendant was registered participant in plaintiff's software delivery service, and consequently was "on notice that only certain companies are authorized to supply Microsoft software." Court noted defendants properly ac-

quired some of plaintiff's software from authorized suppliers. However, after defendants acquired over 780 software units from unauthorized suppliers, plaintiff investigator purchased three such units from defendant and determined them to be counterfeit. Following defendants' failure to satisfy demands set out in plaintiff's cease-and-desist letter and plaintiff's subsequent purchase of additional non-conforming software, plaintiff filed complaint alleging, among other state and federal claims, that defendants' acquisition and redistribution of counterfeit software infringed plaintiff's copyrights. Court "provisionally" denied plaintiff's summary judgment motion. Court initially deemed plaintiff's evidence conclusory because investigative reports and plaintiff employee declaration were unsupported by adequate evidence. Court nonetheless directed plaintiff to supplement motion with additional proof. Supplemented evidence consisted of exhibits showing discrepancies in CD-ROMs and manuals, including letter spacings, text fonts and graphic representations. Defendant argued discrepancies were minor printing imperfections. Court observed defendants did not deny they distributed software in question but instead maintained software was not counterfeit or, alternatively, that they were unaware of software's counterfeit nature. Persuaded in part by recent case purportedly deciding some of same issues (*Microsoft Corp. v. Compusource Distribs., Inc.*, 115 F. Supp. 2d 800 (E.D. Mich. 2000), *supra*), court held defendants failed to create dispute of fact that software was not counterfeit. Accordingly, court granted plaintiff's motion for summary judgment.

VII. REMEDIES

A. Damages and Profits

Davis v. The Gap, Inc., 246 F.3d 152 (2d Cir. 2001)

Second Circuit held value of use of copyrighted work made by infringer may be recovered by copyright owner as "actual damages" under § 504. Plaintiff designed and constructed ornamental metal jewelry resembling eyeglasses. Jewelry was featured in various publications, and plaintiff testified he received $50 fee for use of image of jewelry in *Vibe* magazine. Gap created ad depicting group of models, including one wearing plaintiff's eyewear. Ad ran in national magazines and on sides of buses in large cities. After Gap rebuffed plaintiff's efforts to interest Gap in selling eyewear, plaintiff registered copyright and sued for infringement in Southern District of New York. District court granted Gap's motion for summary judgment, rejecting as "unduly speculative" claims for Gap's profits and for actual damages, including license fee not received from Gap, alleged by plaintiff to be $2.5 million. District court also found claim for lost license fee or "value of use" precluded by prior decision in *Business*

Trends Analysts v. Freedonia Group, Inc., 887 F.2d 399 (2d Cir. 1989). Second Circuit reversed, holding evidence established minimum fair market value of $50 for license to use image of jewelry. Showing at trial that Gap's use was more extensive than use in *Vibe* could justify finding of higher market value. Second Circuit clarified that *Business Trends* did not reject "value of use" theory as matter of law, but merely held evidence inadequate to support such award. Further, *Business Trends* dealt only with infringer's profits, so comments disfavoring lost license fee as actual damages were *dicta*. "Actual damages," *Davis* court noted, should be broadly construed to favor victims of infringement. Accordingly, award based on value of lost license should be allowed in appropriate circumstances, including where, as here, infringement is found, yet plaintiff shows neither infringer's profits, harm to market value of copyrighted work, nor lost sales or licenses to third parties. Court remanded for further proceedings to determine fair market value of license for Gap's use of design.

Cook v. Robbins, 232 F.3d 736 (9th Cir. 2000), *withdrawn*, 2001 U.S. App. LEXIS 784 (9th Cir. Jan. 22, 2001)

Ninth Circuit reversed district court's Rule 50(b) JNOV, finding that jury properly awarded plaintiff $655,990 — 97.5% of defendant's gross revenues — after finding that defendants' "Financial Power" seminars and printed materials infringed two short passages from plaintiff's successful 1995 investment book, *Wall Street Money Machine*. Defendant's seminars and plaintiff's book both discussed general concepts of stock market investing, and eleven specific passages were alleged to be infringing. Parties proceeded to trial on four passages, and after finding two short infringements jury awarded $655,990 to plaintiff as infringer's profits under § 504. Defendants moved successfully for JNOV as to damages, and district court vacated jury award, finding that plaintiff had "presented no evidence showing a causal connection between the infringing words and defendants' profits." District court stated "[t]here must be profits *attributable to the infringement* before plaintiffs are entitled to merely show gross receipts and shift the burden to defendants to apportion profits to the infringement" (emphasis in original). Ninth Circuit reversed, reading § 504 to impose no threshold burden on plaintiff with respect to causation. Once plaintiff establishes gross revenues, defendant bears entire burden of showing "the element of profit attributable to factors other than the copyrighted work." In footnote, court stressed that JNOV is appropriately granted only where evidence "can support only one reasonable conclusion, i.e., that the moving party is entitled to judgment notwithstanding the adverse verdict," and noted that verdict here was reasonable. Case settled, and parties stipulated to withdraw opinion and dismiss appeal.

Hawthorne Educ. Services, Inc. v. Friedman, Copyr. L. Rep. ¶ 28,103 (6th Cir. 2000)

Sixth Circuit upheld district court's denial of new trial for defendants in copyright infringement action, concluding jury's award of $1,100,000 for plaintiff was supported by weight of evidence and that probative value of letter introduced as evidence was not substantially outweighed by danger of unfair prejudice. Defendants conducted seminars on attention deficit disorder ("ADD") and, by agreement, obtained discounted copies of plaintiff publisher's ADD book for resale at defendants' seminars. After plaintiff canceled discount program, defendants produced and sold counterfeit copies of plaintiff's book. In subsequent copyright infringement action, plaintiff was awarded summary judgment and district court instructed jury to determine whether plaintiff's infringement was willful and amount of damages. Plaintiff sought to admit defendant's letter purportedly proving willfulness. Court denied request but warned defendant letter would be admitted if defendant sought to persuade jury he was remorseful. After defendant introduced such evidence, court admitted letter and jury found defendants liable to plaintiff for $1,100,000 in damages. On appeal, defendant argued letter was inadmissible and that damage award was excessive. Concerning letter, Sixth Circuit observed trial court has considerable discretion to admit evidence. Court noted contradictory evidence was admissible, as here, when opposing party placed matter in issue during examination even if matter was collateral. Court held letter was probative "to the extent it was used to rebut the statements that [defendant] made during his direct examination" and that probative value was not substantially outweighed by danger of unfair prejudice. As to weight of evidence, court held defendants waived ability to challenge verdict on sufficiency of evidence for failure to move for directed verdict at close of evidence. Court concluded competent and credible evidence supported verdict, noting plaintiff's sales dropped 24% after sale of defendants' counterfeit copies. Concerning separate objection to jury instruction which failed to require discounting of damages to present value, court held such failure is not plain error *per se* but depends on individual case. In present action, court observed that plaintiff presented evidence that could have led jury to award considerably higher amount of damages.

Cotter v. Christus Gardens, Inc., Copyr. L. Rep. ¶ 28,207 (6th Cir. 2000)

Sixth Circuit reversed and remanded jury verdict in favor of plaintiff for actual and statutory damages. Plaintiff, sculptor, sued seeking injunction as well as actual and statutory damages for copyright infringement against defendant, tourist attraction which sold candles containing impression similar to plaintiff's work, bookend-size reverse-relief sculpture. Defendant

appealed jury finding of both statutory and actual damages, arguing that actual damages award was excessive and should not have included future losses, and that plaintiff's failure to elect statutory damages at outset prevented him from arguing for them on remand. Court reversed award of actual damages. Intimating that there is authority suggesting future losses may be considered when determining actual damages, court need not decide issue because plaintiff did not prove any future business with defendant was planned. Court, however, found for plaintiff on statutory damages, holding that where there is continuing infringement, plaintiff is entitled to elect statutory damages on remand, and may do so any time before final judgment.

National Football League v. PrimeTime 24 Joint Venture, 131 F. Supp. 2d 458 (S.D.N.Y.), *cert. denied*, 121 S. Ct. 1402 (2001)

On remand from Second Circuit ruling that U.S. Satellite Home Viewer Act has extraterritorial jurisdiction and uplink transmission of copyrighted NFL game broadcasts to satellite for retransmission to Canadian viewers constituted infringing public performance, 211 F.3d 10 (2d Cir. 2000), plaintiff was awarded statutory damages of $2,557,500 on ground that defendant's conduct was "willful." "Willfulness" in context of statutory damages means defendant either had actual knowledge, or acted in reckless disregard of high probability, that it was infringing. Here, defendant's infringement was not innocent; there is no case law holding defendant to be "innocent infringer" where defendant knew of, but disagreed with, copyright claim. Court applied separate analysis for infringements occurring during different stages of lawsuit. For infringement that took place before trial judge ruled against defendant in its motion to dismiss, defendant had well-considered position that its activities did not infringe, and therefore should not be liable for maximum statutory damages amount. For later periods of infringement, however, court granted high statutory damages award to plaintiff and rejected defendant's "innocent infringer" defense, because defendant continued with "business as usual" despite trial judge's rulings against it, and failed to support "advice of counsel" defense by calling witnesses or producing documents.

UMG Recordings, Inc. v. MP3.com, Inc., 109 F. Supp. 2d 223, Copyr. L. Rep. ¶ 28,141 and 2000 U.S. Dist. LEXIS 17907 (S.D.N.Y. 2000)

Defendant's "My MP3.com" service entailed creation of unauthorized database of tens of thousands of copyrighted CDs, copied and stored as MP3 files on defendant's server. Users were permitted to download MP3 copies after showing they possessed or had purchased legitimate CD copies of requested recordings. Court previously entered summary judgment

holding defendant liable for copyright infringement, 92 F. Supp. 2d 349 (S.D.N.Y. 2000). In phase of trial devoted to statutory damages, court denied plaintiffs' motion to calculate damages on "per song" rather than "per CD" basis. Plaintiffs argued individual songs were relevant "works" for purposes of computing statutory damages because each song had independent economic value. However, express language and legislative history of § 504(c)(1) dictate that all parts of compilation must be treated as single "work" for purposes of computing statutory damages. Court noted also that plaintiffs' focus, in complaint and successful motion for summary judgment, on defendant's unlawful copying of complete CDs implied CD was relevant "work" unit for purposes of case. In subsequent opinion, court held defendant's infringement was willful, but found mitigating factors substantially reduced level of damages from statutory maximum. Internal documents and e-mails showed defendant knew (1) copying was unlawful unless justified as fair use; (2) its purported fair use justification — that service facilitated consumers' private storage of CDs — was factually and legally dubious; and (3) only its outside counsel could be relied upon to advise whether it nevertheless had good faith basis for proceeding. Defendant, however, invoked attorney-client privilege as to counsel's advice, and expressly disclaimed defense of reliance on counsel. Absent such defense, finding of willfulness was compelled. Court found size and scope of infringement, and potential for harm, very large. On issue of general deterrence, court took note of evidence suggesting "some companies operating in the area of the Internet may have a misconception that, because their technology is somewhat novel, they are somehow immune from the ordinary applications of . . . copyright law. They need to understand that the law's domain knows no such limits." Mitigating factors, on other hand, included absence of proof of actual damages and defendant's "otherwise responsible" conduct. Weighing all factors, court determined appropriate measure of damages to be $25,000 per CD, with number of qualifying CDs to be determined in final phase of trial. Court subsequently entered judgment in amount of $53,400,000 in statutory damages, costs and attorneys' fees.

Starbucks Corp. v. Morgan, 55 U.S.P.Q.2d 1670 (S.D.N.Y. 2000)

Magistrate Judge recommended statutory damages award in amount 50% greater than largest amount of plaintiff's settlement agreement with other defendants in action. Plaintiff is owner of trademark and copyright for "Siren Logo & Design," which consists of illustration of mermaid or siren wearing crown, surrounded by green circular border containing words "Starbucks Coffee" in white block lettering. Defendants sold T-shirts using plaintiff's design, replacing words "Starbucks Coffee" with words "Fuck Off." Court previously entered default judgment which included

permanent injunction against defendants, then referred matter to Magistrate Judge for damages inquest. Plaintiff sought statutory damages of $25,000 against each of defaulting defendants. Magistrate Judge recommended (1) award of $7,500, 50% increase from largest settlement Plaintiff made with other parties, and (2) that court include in final judgment injunctive relief determined in default judgment.

Eastern Am. Trio Prods., Inc. v. Tang Elec. Corp., 97 F. Supp. 2d 395 (S.D.N.Y. 2000)

District court awarded statutory damages of $12,500 per infringed work, for total statutory damages award of $25,000. Defendant willfully infringed by directly copying from plaintiff's catalogues certain individual copyrightable photographs of products, including photographic errors, and computer-enhanced images, despite copyright notice appearing on each page of catalogues. Court held that plaintiff's registration of sales catalogues as compilations gave plaintiff right to sue for infringement of individual copyrightable works in catalogues, even though defendant did not copy entire catalogues. However, all parts of compilation constitute one work for purpose of determining statutory damages. Thus, although defendant copied multiple photographs, plaintiff was entitled to statutory damages for infringement of only two catalogues.

Suze Randall Photography v. Reactor, Inc., Copyr. L. Rep. ¶ 28,106 (N.D. Ill. 2000)

Court awarded plaintiffs less than maximum amount of statutory damages despite finding that defendants willfully infringed plaintiffs' copyrights in photographic works. Plaintiffs sued for copyright infringement based on defendants' use of plaintiffs' copyrighted photographs on Internet website relating to adult entertainment. Defendants ignored several cease-and-desist letters, deleted plaintiffs' copyright notices, and falsely claimed copyright in plaintiffs' work for themselves. Court previously entered default judgment against defendants, issuing injunction and reserving judgment on money damages issue until more evidence was submitted. Court awarded plaintiffs damages for copyright infringement, Copyright Management Information tampering, violation of state right of publicity statute, and for costs and attorneys' fees. Court did not, however, award maximum possible damages amount, stating plaintiffs failed to show any evidence of actual secondary publication by Internet users.

Monroig v. RMM Records & Video Corp., Copyr. L. Rep. ¶ 28,136, *later opinion*, 196 F.R.D. 214 (D.P.R. 2000)

On basis of jury verdict, court enjoined defendants from any further infringement of composer's copyright in musical composition "Yo Soy," in-

cluding production of derivative works, and awarded damages totaling $7,672,923. Court also ordered defendants to return to plaintiff publishing company all recordings and films in their possession containing composition, as well as to recall inventory from all clients, distributors, wholesalers, jobbers, dealers and retailers. Monetary damages of $6,252,500 were awarded to plaintiff composer, arising from violation of his moral rights under copyright laws of Puerto Rico and 15 countries, including Spain, Portugal and many Latin American countries. Violation was attributed to licensing and reproduction of master recording containing modified version of "Yo Soy" composition for licensing and sale in each respective country. Publishing company was awarded $1,420,423, representing defendants' total profit from release and distribution of film containing plaintiff's composition and total profit from reproduction and licensing of masters of plaintiff's composition in United States for manufacture and sale in 14 of aforementioned 15 countries. Court, in later opinion, denied defendants' motion for new trial. Rejecting defendants' allegations that award was "grossly excessive" and "miscarriage of justice," court held plaintiffs met Copyright Act burden to prove infringer's profits. Court concluded documentary evidence established amount of defendants' gross receipts which included master recording licensing income. Absent specific evidence of deductible costs, court held it was "bound to uphold jury's award of economic damages." Similarly, jury's award for moral rights violations in Puerto Rico and 15 countries upheld absent rationale for overturning awards. Court further denied motion for new trial based on alleged trial court error in permitting plaintiff to perform composition for jury. At trial, defendants objected to performance asserting performance would appeal to jurors' emotions. Court held no unfair prejudice resulted and performance was relevant to establishing plaintiff's claim of unfaithful reproduction.

B. Attorneys' Fees

Matthew Bender & Co. v. West Publ'g Co., 240 F.3d 116 (2d Cir. 2001)

Second Circuit vacated award of attorneys' fees to plaintiff, concluding that district court exceeded allowable discretion, and remanded for clarification as to whether district court relied on bad faith conduct in granting fees. Matthew Bender, publisher of CD-ROM judicial opinions compilations, brought suit for declaratory judgment, seeking determination that its use of West Publishing's star pagination did not infringe West's copyrights. HyperLaw, publisher of CD-ROM judicial opinions compilations, sought similar relief after several failed attempts to resolve copyright issues with West. District court granted both parties summary judgment, concluding that plaintiffs' use of West's star pagination did not create copy of pro-

tected elements, and West's editorial enhancements were not copyrightable. HyperLaw subsequently moved for attorneys' fees. District court awarded fees, citing West's bad faith conduct in refusing to cooperate with HyperLaw to resolve copyright issues prior to litigation, and West's failure to provide sufficient notice of copyright under § 403 of Copyright Act. Circuit court concluded that district court exceeded scope of discretion in basing award of attorneys' fees on West's refusal to cooperate with HyperLaw, potential infringer. District court, moreover, imposed wrong legal standard in relying on § 403 as basis for awarding attorneys' fees, because only consequence of failing to provide sufficient notice is that innocent infringer may mitigate damages by asserting "innocent infringer defense."

Crescent Publ'g Group, Inc. v. Playboy Enters., Inc., 246 F.3d 142 (2d Cir. 2001)

Second Circuit vacated award of attorneys' fees to defendant. Plaintiff sued alleging it owned exclusive rights in photograph printed in *Playboy* magazine without plaintiff's permission or consent. Playboy claimed plaintiff did not own rights in photograph, but was merely non-exclusive licensee of true copyright owner. On eve of trial, after full discovery and filing of joint pre-trial order, plaintiff conceded it had no proof of ownership of copyright. At court's suggestion, plaintiff requested that case be dismissed. Court dismissed case and *sua sponte* awarded defendant costs and attorneys' fees. Plaintiff appealed award, arguing court erred by not permitting plaintiff opportunity to submit evidence of its reasonableness in filing suit, and by not allowing plaintiff to develop evidentiary record on reasonableness of amount of award. As to propriety of awarding defendant attorneys' fees, appellate court held lower court exceeded its discretion and erred by not allowing plaintiff opportunity to explain alleged good faith belief that it had acquired copyright ownership. As to amount of award, court held lower court erred and exceeded its discretion by not allowing plaintiff to develop evidentiary record regarding reasonableness of fees requested by defendant. To provide guidance on remand if district court chooses to award fees, court reaffirmed that in assessing what is "reasonable," courts should apply lodestar method (emphasizing comparison to rates of lawyers of similar skill and experience in community). Further, while "not prepared to declare a *per se* rule that the actual billing arrangement places a ceiling on the amount the prevailing party can recover," court concluded that while applying lodestar method, "the actual billing arrangement is a significant, though not necessarily controlling, factor in determining what fee is 'reasonable.'"

Lanard Toys, Ltd. v. P.C. Woo, Inc., Copyr. L. Rep. ¶ 28,167 (9th Cir. 2000)

Ninth Circuit affirmed grant of summary judgment and award of attorneys' fees to defendant in infringement action. As to attorneys' fees, district court's decision was reviewed for abuse of discretion. Court opined that district court reviewed relevant factors established by Supreme Court in *Fogerty v. Fantasy, Inc.*, 570 U.S. 517 (1994), to determine whether award is appropriate, including degree of success obtained by prevailing party, frivolousness of action, motivation of parties, objective reasonableness of legal and factual arguments in case, and need in particular circumstances to promote considerations of compensation and deterrence. Court turned aside plaintiff's contention that finding of bad faith or frivolous or vexatious conduct was prerequisite for award and stated that was no longer true. As to amount of award, court held district court addressed requirement to "articulate with specificity why the amount is reasonable." District court considered whether lodestar rate was appropriate, whether amount of claimed attorney time was justified and whether costs were supported by proper documentation.

Computer Mgmt. Assistance Co. v. Robert F. DeCastro, Inc., 220 F.3d 396 (5th Cir. 2000)

In case involving modification of computer program used for sales and pricing in picture-framing business, district court awarded attorneys' fees to defendants and referred amount of fee award to magistrate judge. Plaintiff appealed judgment and award of fees, and court dismissed portion of appeal relating to attorneys' fees for lack of jurisdiction on ground that judgment is not final until both liability and damages are determined. Judgment awarding unspecified amount of attorneys' fees is thus interlocutory in nature and not appealable.

O'Well Novelty Co. v. Offenbacher, Inc., 55 U.S.P.Q.2d 1828 (4th Cir. 2000)

On appeal of judgment for defendant in copyright infringement case, Fourth Circuit affirmed denial of plaintiff's post-trial motions for relief from judgment and affirmed attorneys' fees award for defendant. Plaintiff manufactured and distributed miniature porcelain houses designed from existing photographs. Defendant retailer, dissatisfied with plaintiff's inability to timely ship orders, purchased miniature houses from another distributor aligned with manufacturer that produced miniature houses from same molds used for plaintiff's houses. Plaintiff brought infringement action founded upon 1997 copyright registration for collective work relating to more than 200 miniature houses. Jury returned verdict for defendant,

finding plaintiff failed to prove by preponderance of evidence that (1) collection of houses was original work, (2) individual houses were copyrightable, and (3) defendant infringed plaintiff's copyright. On appeal, plaintiff cited several trial errors, including alleged impropriety of award of attorneys' fees. Court, citing its own decision in *Diamond Star Bldg. Corp. v. Freed*, 30 F.3d 503 (4th Cir. 1996), reviewed factors for determining appropriateness of such awards. Court held first factor, motivation of parties, weighed for defendant, insofar as defendant was properly motivated to defend lawsuit whereas plaintiff had taken position inconsistent with that in previous litigation. Court held defendant also prevailed on second factor, reasonableness of legal and factual positions advanced at trial, because plaintiff's positions were unreasonable. Third factor, compensation and deterrence, also weighed for defendant, as court noted plaintiff's numerous lawsuits against other parties in relation to sale of porcelain houses. Because these factors all weighed in defendant's favor, court held attorneys' fees award appropriate.

ABC, Inc. v. PrimeTime 24, Copyr. L. Rep. ¶ 28,180 (4th Cir. 2000)

Fourth Circuit affirmed award of attorneys' fees in case under Satellite Home Viewer Act ("SHVA") involving infringing "secondary transmissions" to Canada of ABC programs. Appeals court previously affirmed district court holding that PrimeTime infringed ABC's copyrights in television programming, finding PrimeTime "engaged in a willful or repeated pattern or practice" of violating, and acted in "gross disregard" of, SHVA. 51 U.S.P.Q.2d 1451 (4th Cir. 1999). ABC subsequently sought and received award of attorneys' fees and costs totaling $670,521. 67 F. Supp. 2d 558 (M.D.N.C. 1999). On appeal, PrimeTime conceded its infringement occurred simultaneously with ABC's broadcast, but claimed works were both unpublished and unregistered at time of broadcast/infringement, so that award of fees was prohibited by § 412(1) of Act, which bars award of fees for infringement of unpublished work commenced before registration. Appeals court panel found district court correctly began with mandated presumption that broadcast date was date of publication, based on listing in ABC's registration certificates. District court also correctly found offers by ABC to distribute programs, made during business hours on date of broadcast, constituted publication prior to broadcast/infringement, so that § 412(1) did not apply. And since defendant did not dispute district court finding that ABC uniformly registered infringed works within three months of publication, § 412(2) was also inapplicable. Further, infringed materials included 85 theatrical movies published and registered well before rebroadcast by ABC and infringement by PrimeTime. This fact, court affirmed, would independently support award of costs and fees.

Polsby v. St. Martin's Press, Inc., 2001 U.S. App. LEXIS 8852 (2d Cir. 2001); Copyr. L. Rep. ¶ 28,229 (S.D.N.Y. 2001)

Second Circuit affirmed grant of summary judgment for defendant on ground no evidence of access existed and there was no substantial similarity between protectible elements of plaintiff's work and defendant's work. Court also affirmed award of attorneys' fees against *pro se* plaintiff, finding no error of law or consideration of any improper factors by district court. In separate opinion prior to affirmance, district court dealt with amount of award, denying plaintiff's motion for reconsideration of prior opinion granting motion for fees. District court had found plaintiff's claims to be objectively frivolous because of lack of proof of access or copying of expression. Plaintiff continued to argue that her claims were meritorious, and also that she was impecunious and could not afford to pay even reduced amount demanded. Court found plaintiff had modest income, but did have earning power as result of her degree. Considering her absolute refusal to abandon litigation that is objectively without legal basis, court granted defendants costs plus $5,000 in legal fees. Although significantly less than demanded, amount was justified not only by need to compensate defendants for plaintiff's past conduct, but also by apparent need to deter future litigation in this matter.

Yurman Design, Inc. v. PAJ, Inc., 125 F. Supp. 2d 54 (S.D.N.Y. 2001)

District court awarded plaintiff attorneys' fees, making determination that 20% of such fees were attributable to plaintiff's prosecution of copyright action. At close of successful copyright and trade dress infringement case, plaintiff jewelry designer moved for attorneys' fees and costs. Defendant asserted that attorneys' fees and costs paid by plaintiff, which exceeded one million dollars, were not entirely related to copyright suit. Defendant also argued that of 700 billing entries by attorneys, only 37 were relevant to plaintiff's copyright claim. After review of reasonableness of attorneys' billing rates based on American Intellectual Property Law Association survey, and allocation of time expended on plaintiff's claim, court determined that attorneys' fees and costs attributable to copyright claim amounted to $244,318.73.

National Football League v. PrimeTime 24 Joint Venture, 131 F. Supp. 2d 458 (S.D.N.Y.), *cert. denied*, 121 S. Ct. 1402 (2001)

On remand from Second Circuit ruling that U.S. Satellite Home Viewer Act has extraterritorial jurisdiction and uplink transmission of copyrighted NFL game broadcasts to satellite for retransmission to Canadian viewers constituted infringing public performance, 211 F.3d 10 (2d Cir. 2000),

plaintiff was awarded statutory damages of $2,557,500, but denied attorneys' fees on ground that, while defendant's conduct was "willful," defendant was entitled to continue litigation to its conclusion. Case was one of first impression in circuit. Novelty and complexity of issue and contrary view of Ninth Circuit bear on denial of fees. Defendant's position was not asserted in bad faith, nor was it objectively unreasonable. Moreover, in light of large damage award, NFL was adequately compensated, and award serves as sufficient deterrent to PrimeTime and others.

Leibovitz v. Paramount Pictures Corp., 55 U.S.P.Q.2d 1598 (S.D.N.Y. 2000)

Court denied defendant's motion for attorneys' fees and costs. Plaintiff claimed photograph of actress Demi Moore, pregnant and nude, which appeared on *Vanity Fair* cover, was infringed by photograph featuring Leslie Nielsen's face on body of pregnant nude model used to advertise movie *Naked Gun 33 1/3: The Final Insult*. Court granted summary judgment for defendant, finding that advertisement was parody of plaintiff's photograph protected by fair use defense. However, based on relatively new state of law concerning parody at time of action, plaintiff's claim that defendant's photograph was not parody, because it did not criticize plaintiff's work and promoted unrelated commercial product, was not objectively unreasonable. In addition, plaintiff's refusal to accept settlement offer did not warrant award of attorneys' fees because both parties had been inflexible. Weighing all factors, infirmity of claim was not so pronounced as to merit award of fees.

Attia v. Society of the New York Hosp., 55 U.S.P.Q.2d 1607 (S.D.N.Y.), *cert. denied*, 121 S. Ct. 109 (2000)

Court awarded attorneys' fees and costs to defendants on grounds that plaintiff misrepresented exhibits submitted to court as copyrighted works. Plaintiff architect, claiming that defendants used his drawings for renovation of New York Hospital, brought action alleging copyright and trademark infringement. District court granted summary judgment to defendants; Court of Appeals affirmed. Defendants now move for recovery of attorneys' fees and costs. Defendants argued that (1) plaintiff's copyright claim was unreasonable by objective standard, and (2) plaintiff, in bad faith, misrepresented exhibits to court as copyrightable material. Court dismissed defendants' first argument, because opinion of Court of Appeals demonstrates that overall claim of infringement, while ultimately unsuccessful, was not so unreasonable as to warrant award of attorneys' fees. As to second argument, court agreed plaintiff misrepresented certain exhibits, and defendants were entitled to costs and attorneys' fees. "[E]ven without resolution of the issue of intent, the Court has no diffi-

culty finding that . . . defendants were required to expend substantial legal efforts in response to plaintiff's inaccurate submissions." Defendants were therefore entitled to portion of attorneys' fees and costs related to plaintiff's misrepresentations.

Joyce v. Renaissance Design, Inc., 56 U.S.P.Q.2d 1541 (C.D. Cal. 2000)

In action alleging that defendant published books containing architectural plans based upon plaintiff's catalogue of photographs of mantels designed by plaintiff, court granted summary judgment to defendant because plaintiff failed to register copyright. Court also declined to exercise supplemental jurisdiction over plaintiff's state law breach of contract claim. Court granted request for attorneys' fees as reasonable in light of plaintiff's failure to satisfy jurisdictional requirement of obtaining copyright registration.

Perfect 10, Inc. v. Talisman Communications, Inc., Copyr. L. Rep. ¶ 28,092 (C.D. Cal. 2000)

Court granted plaintiff statutory damages and attorneys' fees in action for copyright infringement of plaintiff's photographs on defendant's website. Defendant without authorization copied and published on its website plaintiff's copyrighted photographs. Users of defendant's website could copy plaintiff's photographs from defendant's website without permission from plaintiff. Court held defendant guilty of copyright infringement and of knowingly inducing, causing, materially contributing and providing means to its customers to infringe plaintiff's copyrights. Court also awarded then-maximum statutory damages of $100,000 for each of three copyrights infringed because of willful and egregious nature of infringement. Furthermore, court granted plaintiff attorneys' fees and costs, based on (1) willful nature of infringement, (2) worldwide extent of infringement and plaintiff's resulting damages, and (3) defendant's failure to take responsibility for its infringement. Finally, court stated that awarding attorneys' fees in this case would promote protection of copyright and advance considerations of compensation and deterrence by encouraging infringement actions for such willful violations.

Johnson v. Tuff 'N' Rumble Mgmt., Inc., 54 U.S.P.Q.2d 1871 (E.D. La. 2000)

District court granted plaintiffs' motion for summary judgment on issue of copyright ownership of song entitled "It Ain't My Fault." Plaintiffs' motion for attorneys' fees denied. Action was for infringement, and in order to prevail plaintiffs must establish ownership of copyright in issue and that defendant impermissibly copied or infringed copyright. By granting plain-

tiffs' motion for summary judgment, court only declared as matter of law that defendant does not own copyright interest in song. Plaintiffs have not yet "prevailed" on issue of infringement.

Lucas v. Wild Dunes Real Estate, Inc., Copyr. L. Rep. ¶ 28,178 (D.S.C. 2000)

District court granted both plaintiff's and defendant's motions for costs, and included in defendant's award attorneys' fees and litigation expenses in defending against plaintiff's copyright claim. Plaintiff photographer brought action for copyright and service mark infringement against defendant real estate company for unauthorized use and reproduction of plaintiff's photograph, which included WILD DUNES service mark. Before trial, defendant submitted offer of judgment of $15,000, which plaintiff rejected. At trial, jury found for plaintiff on copyright claim, but awarded only $4,120.40, and found for defendant on service mark claim. Defendant moved for costs and attorneys' fees pursuant to Fed. R. Civ. P. 68, which provides in part that "if the judgment finally obtained by the offeree is not more favorable than the offer, the offeree must pay the costs incurred after the making of the offer." Term "costs" has been held to include attorneys' fees in copyright case. Defendant also argued that as result it should be considered "prevailing party" under § 505. Court resolved discrepancy between § 505, which allows court discretion in awarding attorneys' fees to prevailing party, and Rule 68, which requires award of attorneys' fees, finding that mandatory language of Rule 68 controls. Defendant held entitled to reasonable attorneys' fees as part of costs. Plaintiff also moved for costs as prevailing party, and court held plaintiff entitled to award of costs in amount of $1,587.78.

Whitehead v. New Line Cinema, Copyr. L. Rep. ¶ 28,216 (D.D.C. 2000)

Following disposition of similar case between *pro se* plaintiff and other film company, district court lifted stay in present case and entered summary judgment for defendant, finding no infringement of plaintiff's copyright in college paper about Gulf War. Plaintiff, author, sued movie producer and other individuals associated with making of defendants' film *Wag the Dog*, claiming copyright infringement, misappropriation and numerous other claims, alleging defendants' movie was based on plaintiff's paper. Court held no reasonable person could find defendants' film substantially similar to plaintiff's work, and any similarity between works was in abstract and non-protectible ideas. In previous case against Paramount Pictures, court declined to award fees because plaintiff *pro se*, but warned plaintiff that if other cases were as frivolous as Paramount case, fees would be awarded. Plaintiff ignored warnings, inundating court with paper and

requiring substantial work by defendants' lawyers. Present case is frivolous, and court granted defendant's request for attorneys' fees.

C. Injunction/Impoundment

Suntrust Bank v. Houghton Mifflin Co., 252 F.3d 1165 (11th Cir. 2001)

Eleventh Circuit vacated entry of preliminary injunction against publication of *The Wind Done Gone*, alleged parody of legendary 1936 Margaret Mitchell novel *Gone With the Wind*. Defendant's work was intended as critical re-telling of Mitchell story from viewpoint of slaves on plaintiff's fictional plantation. Though conceding work was transformative, district court rejected fair use defense, finding defendant's copying of characters, story lines and settings was more extensive than necessary to conjure up original, and instead amounted to unauthorized sequel to plaintiff's work. District court issued preliminary injunction against publication, and defendant sought expedited appeal. After brief oral argument, Eleventh Circuit immediately vacated preliminary injunction *per curiam*, finding it "unlawful prior restraint" of publication in violation of First Amendment: "It is manifest that the entry of a preliminary injunction in this copyright case was an abuse of discretion in that it represents an unlawful prior restraint." Court noted that one of requisite considerations for preliminary injunction is that remedy serve "public interest," and thus preliminary injunction "should not be granted unless the movant clearly carries its burden of persuasion." Court stated its comprehensive opinion would follow.

Latin Am. Music Co. v. Cardenas Fernandez & Assocs., Inc., 57 U.S.P.Q.2d 1950 (1st Cir. 2001)

Denial of injunctive relief vacated. Plaintiffs claimed ownership of copyrights in several songs in off-Broadway play *Quien Mato a Hector Lavoe?* and sought temporary restraining order and preliminary injunction preventing producers and directors from putting on any further performances. District court denied motion based on plaintiffs' failure to establish threat of irreparable injury, without determining whether plaintiffs likely to succeed on merits. Reasoning that if plaintiffs had established likelihood of success on merits of copyright infringement claim, irreparable harm would usually be presumed, First Circuit vacated denial of injunctive relief and remanded for further proceedings.

Metrokane, Inc. v. Wine Enthusiast, Inc., Copyr. L. Rep. ¶ 28,238 (S.D.N.Y. 2001)

Temporary restraining order denied. Court assumed packaging and instructional booklet for Wine Enthusiast's lever-type corkscrew were exact

copies of plaintiff's copyrighted drawings. But court denied temporary restraining order on ground plaintiff had not shown likelihood of irreparable harm. Plaintiff's cease-and-desist letter had not asserted copyright infringement and defendants had agreed to cease using drawings after their inventory was exhausted, so drastic relief of product recall was not necessary to prevent irreparable harm. Court made no finding on likelihood of success on merits, which, in copyright case, would lead to presumption of irreparable harm.

AccuSoft Corp. v. Mattel, Inc., 117 F. Supp. 2d 99 (D. Mass. 2000)

District court denied defendant's motion to stay preliminary injunction pending appeal. AccuSoft, manufacturer of software program ImageGear, entered into license agreement with Broderbund Software which allowed Broderbund to use ImageGear software in development of Broderbund Print Shop and Park Row programs. Broderbund was acquired by The Learning Company, which then was acquired by Mattel, making both Broderbund and The Learning Company wholly-owned subsidiaries of Mattel. Mattel integrated ImageGear software in its Pokemon Project Studio Blue and Pokemon Project Studio Red products, asserting rights to use ImageGear software under AccuSoft/Broderbund license. AccuSoft alleged that Mattel infringed copyright by using ImageGear source code in Print Shop, Park Row, Pokemon Project Studio Blue and Pokemon Project Studio Red products without license, because original license between AccuSoft and Broderbund was not assignable without consent of AccuSoft. Court granted preliminary injunction. In denying motion to stay injunction pending appeal, court reiterated that Broderbund's rights under license were not properly assigned to Mattel, since AccuSoft's consent was not obtained. Moreover, Mattel's use of ImageGear source code in Pokemon Project Studio Blue and Pokemon Project Studio Red products exceeded scope of license. Since plaintiff demonstrated likelihood of success on merits of infringement claim; irreparable harm was presumed under circumstances; balance of hardships fell in plaintiff's favor; and preliminary injunction was in public interest, court ordered that preliminary injunction remain in effect.

D. Sanctions

Margo v. Weiss, 213 F.3d 55 (2d Cir. 2000)

Second Circuit affirmed district court's award of Rule 11 sanctions against plaintiff's counsel and award of attorneys' fees to defendants. Plaintiffs, musical artists The Tokens, sought declaratory judgment claiming co-authorship and co-ownership of song "The Lion Sleeps Tonight." District court granted summary judgment to defendants, upholding defense of stat-

ute of limitations. Appellate court rejected plaintiffs' attempt to counter limitations defense by filing affidavits, delayed deposition errata sheets and supplemental interrogatory answers which contradicted their earlier deposition testimony and interrogatory answers. Court held that district court's imposition of sanctions on copyright infringement plaintiffs and their counsel did not constitute "sua sponte conviction" of perjury because plaintiffs were not prosecuted for perjury. Although criminal procedural protections are required in some sanctions proceedings, counsel were not in effect convicted of crime. District court did not state that plaintiffs or counsel committed perjury, even though court properly labeled plaintiffs' affidavits and counsel's declaration "false." Statement can be false without being uttered with scienter required for perjury. Further, there was no violation of due process because plaintiff's counsel received ample notice of conduct for which they were sanctioned through defendants' repeated complaints and defendants' motion under Rule 11. Sanctions here based on motion, as opposed to sanctions imposed on initiative of court. Second Circuit also affirmed award of attorneys' fees to defendants on grounds that it was objectively unreasonable for plaintiffs' counsel to file affidavits, errata sheets and supplemental interrogatory answers contradicting prior deposition testimony. Appellate court concluded that "district court acted well within its discretion . . . to compensate them for the waste of the court's and counsel's time," and granted defendants double costs on appeal.

E. Miscellaneous

Pelican Eng'g Consultants, Inc. v. Sheeley, 56 U.S.P.Q.2d 1477 (M.D. Fla. 2000)

In action arising from defendants' alleged copying of plaintiff's apartment building design, district court denied defendants' motion to dismiss plaintiff's claim for statutory damages and attorneys' fees. Court held although alleged infringement occurred before effective date of federal registration, statute was satisfied. Court correctly summarized that Act barred statutory damages and attorneys' fees for any infringement commenced before registration's effective date or any infringement after first publication and before registration unless registration occurred within three months after first publication. Effective date of registration was August 17, 1998. No date of publication was given, but court found that on May 19, 1998 plaintiff notified defendant of its rights and demanded cessation of infringement. Court observed that "this time period falls within the three months after the first publication of the Work" and denied defendants' motion on this basis. Court appears to have erroneously equated date of notification of infringement with date of publication.

VIII. PREEMPTION

Foley v. Luster, 249 F.3d 1281 (11th Cir. 2001)

Court of Appeals affirmed decision of district court holding state common law claim for indemnification not preempted. In underlying action, group of Amway distributors and Luster, videographer who made videos for Amway functions, were sued by recording industry companies whose copyrighted recordings were used without authorization in videos. Action was settled before trial. Before settlement, group of distributors filed cross-claim against Luster for indemnification, claiming he was solely responsible for copyright infringement in videos. Indemnification claim went to trial, and jury found against Luster, who then filed motion for judgment as matter of law based upon preemption. District court denied motion and Luster appealed. Court of Appeals held that indemnification claim under state common law was not preempted by § 301 of Act, or by doctrines of conflict preemption or field preemption. Court held § 301 is concerned with rights of copyright holder, whereas indemnity claim concerned allocation of responsibility between infringers, which is "not equivalent to any of the exclusive rights" provided under Act. Finding no preemption under § 301, court looked to general principles of preemption. Under Article VI of U.S. Constitution, federal law is "supreme Law of the Land," and any state law in conflict with federal law is preempted. Indemnity claim was not explicitly preempted by Act, and was not implicitly preempted by its structure or purpose. Nor was there "conflict preemption," which arises when compliance with federal and state law "is a physical impossibility, or where state law stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress." Finally, there was no "field preemption," which occurs when "the scheme of federal regulation is so pervasive as to make reasonable inference that Congress left no room for the States to supplement it." Because Act "does not touch on the field of common law indemnity, and indemnity does not intrude upon the field of rights guaranteed by the Act," indemnification claim was not preempted.

Rodrigue v. Rodrigue, 218 F.3d 432 (5th Cir. 2000)

Court of Appeals reversed district court's ruling that marital property law under Louisiana Civil Code was preempted by federal copyright law. Plaintiff George Rodrigue, Jr. sought declaration of sole ownership of copyrights in paintings he created during marriage, including "stylized and easily recognizable image of a blue dog." Relying on Louisiana community property law, defendant spouse sought declaration of ownership of undivided one-half interest in copyrights in paintings created during marriage and in all works derivative of them created after marriage. Court

held Louisiana law not preempted as matter of conflict preemption. Section 201(a), under which copyright vests initially in author, relates to bundle of five exclusive rights under § 106 and does not include "the exclusive right to enjoy income or any of the other economic benefits produced by or derived from copyrights." Further, § 201(a) vests in author "copyright," not "ownership," and does so only "initially." Court can apply state law to include economic benefits of copyrights in community property while author spouse maintains exclusive managerial control of copyright. Court also held that right to enjoy economic fruits of copyright under state marital property law not preempted under § 301(a) of Copyright Act because, under § 301(b), "not equivalent to any of the exclusive rights within the general scope of copyright."

Landham v. Lewis Galoob Toys, Inc., 227 F.3d 619 (6th Cir. 2000)

Although Sixth Circuit affirmed summary judgment dismissing claim that plaintiff's right of publicity was violated, court found claim not preempted. Court found that Supreme Court has recognized that rights of publicity are generally consistent with Copyright Act. As long as plaintiff states claim of invasion of personal, state law rights that are distinct from copyright protection, claim will not be preempted. Here plaintiff did assert right separate from those protected by Copyright Act. Accordingly, plaintiff's claim was not preempted.

MAI Photo News Agency, Inc. v. American Broad. Co., Copyr. L. Rep. ¶ 28,225 (S.D.N.Y. 2001)

Court held plaintiffs' Lanham Act and unfair competition claims alleging unauthorized distribution of plaintiffs' film footage in ABC News program were preempted. Relying on *Lipton v. Nature Co.*, 71 F.3d 464, 473 (2d Cir. 1995), court stated that "a plaintiff cannot sustain a Lanham Act claim by merely alleging that defendant distributed plaintiff's work under defendant's copyright."

Ohio Players, Inc. v. Polygram Records, Inc., Copyr. L. Rep. ¶ 28,174 (S.D.N.Y. 2000)

District court granted defendant's motion for judgment on pleadings, holding plaintiff's unlawful appropriation and unjust enrichment claims preempted. Plaintiff Ohio Players, successful '70s funk group, entered into agreement with defendant record company to release greatest-hits recording in compact disc format. Under agreement, royalties for sale of Ohio Players' "Retrospective Album" and "New Album" would be used to repay numerous advances received by group, and royalties in excess of advances owed by group would be given to group. In 1998, group learned that record company licensed hits "Love Rollercoaster" and "Fire" to

Burger King and Amoco for commercials. Ohio Players did not receive royalties from licensing, and filed claim against record company alleging company sampled recordings for commercials without authorization. Since unlawful appropriation and unjust enrichment claims were predicated on fact that defendant licensed recordings of songs for use in commercials, claims fell under copyright and were preempted.

Information Handling Servs. v. LRP Publ'ns, Inc., Copyr. L. Rep. ¶ 28,177 (S.D.N.Y. 2000)

Plaintiff, publisher of computerized database, sued defendant under theories of, *inter alia*, misappropriation and unfair competition, alleging defendant copied admittedly uncopyrightable material from its website. Court held claims for misappropriation and unfair competition were really claims for unauthorized copying, and thus preempted by Copyright Act. Court also held that insofar as remaining claims (breach of contract, unjust enrichment, tortious interference with contractual relations, conspiracy, tortious interference with prospective contractual relations, fraud and unfair competition/misappropriation of trade secret) involved allegations of deceptive acts and/or breach of license agreement, they were qualitatively different from claim for mere copying, and thus not preempted. Court so held even in light of acknowledged risk that enforcement of contract with shrink-wrap licenses offered on take-it-or-leave-it basis may functionally expand copyright protection to uncopyrightable works.

Entous v. Viacom Int'l, Inc., 58 U.S.P.Q.2d 1628 (C.D. Cal. 2001)

Court granted defendant's motion for summary judgment. Plaintiff created TV show entitled *Music Videos: Uncut* and made several submissions to defendant of written treatment and video commercial for show. Concurrent with each submission plaintiff executed submission release containing confidentiality provision. Plaintiff, alleging defendant used materials in program called *MTV: Making the Video*, sued for infringement and breach of implied contract not to use ideas and concepts without permission from and payment to plaintiff. Defendant moved for summary judgment, contending breach of implied contract claim was preempted. Court found plaintiff's materials, including ideas and concepts embodied therein, fell within subject matter of copyright, thereby meeting first prong of preemption analysis. Further, rights protected under alleged contract were equivalent to rights protected by Act, meeting second prong. Plaintiff, in opposing summary judgment, argued claim was actually for breach of confidentiality provision in submission releases, providing "extra element" saving claim from preemption. Complaint, however, limited scope of claim to improper use of materials by defendant. Claim, accordingly, was preempted; court granted summary judgment to defendant.

Selby v. New Line Cinema Corp., 96 F. Supp. 2d 1053 (C.D. Cal. 2000)

District court granted defendants' motion to dismiss with prejudice as to plaintiff's cause of action for breach of implied-in-fact contract, holding claim was preempted. Plaintiff claimed, *inter alia*, that defendant's purchase of *Frequency* screenplay and production of motion picture constituted copyright infringement of his *Doubletime* screenplay and also was breach of implied-in-fact contract for using his ideas without compensation and credit. Court concluded ideas are within subject matter of copyright for purposes of preemption analysis, even though ideas may not be copyrightable. It is sufficient that ideas are embodied in copyrighted work, and plaintiff's claim was based on uncopyrighted ideas underlying his copyrighted screenplay. As to second part of preemption test, court determined that because alleged implied-in-fact contract did not regulate parties' conduct beyond mere use of plaintiff's ideas, rights protected by that contract were equivalent to exclusive rights protected by Act. Because no extra element found in alleged promise not to benefit from plaintiff's work, preemption upheld.

Metrano v. Fox Broad. Co., Copyr. L. Rep. ¶ 28,109 (C.D. Cal. 2000)

Plaintiff alleged that he created and developed television series concept and presented it to defendant under implicit agreement of confidentiality. Defendant allegedly used plaintiff's ideas, including specific phrases in plaintiff's proposal, to produce own series. Court dismissed plaintiff's breach of contract claim based on preemption by federal Copyright Act. Court enunciated that state law claims are deemed to be within general scope of copyright law if works on which state law claim is based constitute original works fixed in any tangible medium of expression from which they can be perceived, reproduced, or otherwise communicated. Plaintiff contended, however, that he verbally pitched ideas not included in his treatment and consequently breach of contract claim did not fall within scope of copyright protection. Court noted that typically contract claims are not preempted, but implied contract claim may be preempted and regarded as equivalent right if it applies to copyright subject matter. Court held that plaintiff's breach of implied contract was preempted because it related "solely" to subject matter encompassed within federal copyright law. Accordingly, court granted defendant's motion to dismiss.

Felix the Cat Prods., Inc. v. New Line Cinema, No. CV 99-9339 (C.D. Cal. Apr. 20, 2000)

Court granted defendants' motion to dismiss with prejudice plaintiff's claim of negligence, holding that it was preempted under Copyright Act. Plaintiff, owner of copyright for cartoon character "Poindexter," brought claims for, *inter alia*, copyright infringement and negligence based on defendants' alleged use of character in defendants' film *Pleasantville*. Plaintiff's negligence claim, alleging wrongful use of plaintiff's marks in film, was based on infringement of plaintiff's copyright. Court found that recharacterizing copyright claim as one for negligence does not add additional element, because general claim for infringement is fundamentally one founded on strict liability. Plaintiff's negligence claim preempted.

Designs Art v. National Football League Props., Inc., 57 U.S.P.Q.2d 1716 (S.D. Cal. 2000)

Court granted defendant's motion to dismiss state law claims as preempted. Plaintiff, graphic design firm, submitted proposed logos to defendant, NFL Properties, Inc. ("NFLP"), licensing agent of defendant Cincinnati Bengals. NFLP rejected logos, stating it was not interested in hiring outside design firm. NLFP, plaintiff alleged, nonetheless hired outside firm and used plaintiff's suggested logos. Court previously dismissed plaintiff's state law claims as preempted, with leave to file amended complaint. Plaintiff then sued alleging copyright infringement, as well as fraud, misappropriation of trade secrets and negligent misrepresentation under state law. As to fraud claim, court held essence of complaint was that defendant "fraudulently engaged in acts that are reserved for copyright holders"; fraud claim, therefore, was not qualitatively different from copyright claim. With respect to trade secret claim, court held that claim was based on rights granted by Copyright Act and also held that because facts, as alleged, established that defendant misappropriated expression of idea, no trade secret had been alleged since "trade secret can protect the idea, not the form of expression of the idea." As to misrepresentation claims, court held that plaintiff failed to allege misrepresentations regarding proprietorship of logo; that statements regarding proprietorship were made to induce reliance; and actual reliance. To extent claim was based on misrepresentation that defendants would not utilize subject works, such claims are preempted for same reason fraud claims were preempted. Court also granted motion to strike request for punitive damages, which are not available under Act.

Natkin v. Winfrey, 111 F. Supp. 2d 1003 (N.D. Ill. 2000)

Plaintiff photographers, hired to take still photographs of "Oprah Winfrey Show," sued host and her production company for copyright infringement based on use of photographs in book about her. Counts II through V sought relief under Lanham Act, Illinois Consumer Fraud Act, Illinois Uniform Deceptive Trade Practices Act, and for unfair competition under Illinois common law. Ruling on defendants' summary judgment motion alleging preemption, court held counts II through V preempted because works at issue were fixed in tangible form, works fell within subject matter of copyright, and rights asserted were equivalent to those asserted in § 106 of Copyright Act. In contrast, additional counts alleging breach of contract, conversion and tortious interference with prospective economic advantage, all based on defendants' alleged wrongful retention of negatives, went beyond copyright law and therefore were not preempted.

Lacour v. Time Warner, Inc., Copyr. L. Rep. ¶ 28,108 (N.D. Ill. 2000)

District court dismissed plaintiff's claims alleging unfair competition under federal and Illinois state laws because, by Seventh Circuit test, claims merely restated separate copyright infringement claim under federal Copyright Act. Plaintiff songwriter brought action alleging defendant R. Kelly's 1996 recording of "I Believe I Can Fly" infringed his copyright in musical composition (Count I), that recording credits of Kelly as sole original author constituted false representations, specifically reverse passing off, under § 43(a) of Lanham Act (Count II), and that Kelly's acts amounted to unfair trade practices under Illinois state law (Count III). Defendant moved to dismiss Counts II and III, asserting preemption under Copyright Act. Concerning Lanham Act claim, court maintained its jurisdiction hinged upon resolution of choice of law issue rather than preemption doctrine because Lanham Act and Copyright Act claims arose under federal laws. Issue is whether Copyright Act limits plaintiff's right under Lanham Act unfair competition provision when subject matter is copyrighted. Court observed Seventh Circuit had not addressed issue of plaintiff's right to pursue Lanham Act remedy for copyrighted subject matter, and noted split of authority among circuits. Ninth Circuit limited reverse passing off actions under Lanham Act to situations of bodily appropriation of copyrighted work whereas Second Circuit required only substantial similarity and evidence of affirmative act of misrepresentation for plaintiff to prevail. Although plaintiff failed under both tests, court disposed of choice of law problem by adopting approach of district courts in Seventh Circuit, which treated Lanham Act reverse passing off claims as equivalent to state causes of action for unfair competition. Since functions of relevant federal and state laws were same — "protection of consumers

from confusion and deception arising from unfair competition" — court maintained its preemption analysis of state claim applied with equal force to Lanham Act claim. Court resorted to Seventh Circuit's two-pronged test to determine if state claim was equivalent to one protected by Copyright Act: (1) whether work was fixed in tangible form and fell within Act's subject matter; and (2) whether right asserted was equivalent to right granted under Act. Holding first prong was satisfied, court was guided by district court decisions establishing consumer confusion and deception are inherent in any copyright action. Court held that reverse passing off actions involving defendant who represents that sold product is his own, although derived from plaintiff, is "disguised copyright infringement claim." To avoid preemption, court noted, plaintiff must allege extra element to transform action's nature, such as affirmative misrepresentation. Because plaintiff failed to do so, court held plaintiff's state and Lanham Act claims preempted by Copyright Act.

Warner/Chappell Music, Inc. v. Pilz Compact Disc, Inc., 56 U.S.P.Q.2d 1357 (E.D. Pa. 2000)

Class of music publishers brought copyright infringement action against manufacturers of sound recording, and also sought declaration that warehouser's lien on infringing records was invalid since lien was preempted by Copyright Act, which afforded class remedy of destruction of infringing recordings. Court granted plaintiffs' motion for summary judgment, holding that lien interest was preempted by Copyright Act, since copyright owners, under Act, held exclusive right to authorize distribution of sound recordings, and lien would violate such right.

Fischer v. Viacom Int'l, Inc., 115 F. Supp. 2d 535 (D. Md. 2000)

District court granted defendant's motions to dismiss plaintiff's claims of misappropriation of idea for cartoon characters and breach of confidential relationship. Plaintiff animator created characters teenager "Steve" and his blue dog "Bluey," which were subject of several copyrighted works owned by plaintiff, including television programs. Plaintiff approached Nickelodeon with videotape and proposal to develop animated series incorporating Steve and Bluey. Parties failed to reach production agreement, and plaintiff continued to produce programs based on animated characters for television and radio on his own. Nickelodeon subsequently aired daily children's show entitled "Blue's Clues" featuring host Steve Burns and his animated dog "Blue." Plaintiff sued in Maryland state court for breach of implied-in-fact contract arising from his submissions to Nickelodeon and for breach of confidential relationship. Defendant removed to federal court and moved to dismiss, contending that Copyright Act preempted plaintiff's state law claims. Court determined that plaintiff's mis-

appropriation claim, which alleged use of animated characters without payment or attribution, was comparable to rights protected by Copyright Act and was preempted. As to second claim, court found that although Act does not ordinarily preempt breach of confidential relationship claims, here plaintiff failed to allege relationship that created duty of confidentiality, requiring dismissal of claim.

Brown v. Mojo Records, Copyr. L. Rep. ¶ 28,123 (D. Or. 2000)

District court denied defendant's motion to dismiss breach of contract, unjust enrichment and conversion claims on grounds of preemption. Plaintiffs, members of band known as "The Cherry Poppin' Daddies," brought action against defendant record companies for breach of contract, unjust enrichment, conversion and unfair competition, asserting that as co-owners of copyright interest in song recordings they were entitled to prorated shares of monies received by defendants for sales of recordings. Defendants moved to dismiss plaintiffs' claims. Breach of contract claim held not preempted because claim protected rights qualitatively different from copyright rights, and had extra element of proof of contractual relationship, its terms, and conduct that allegedly violated terms. Unjust enrichment claim held not preempted because plaintiffs sought rightful share in proceeds of recordings made by defendants, and not prevention of reproduction by defendants. Conversion claim held not preempted because plaintiffs sought share of royalties collected by defendants through exercise of control on recordings by defendants, and did not assert misappropriation of ideas by defendants. Unjust enrichment claim dismissed without prejudice, since plaintiffs conceded preemption. Court also held unfair competition claim not barred by statute of limitations because no reason to presume plaintiffs should have been aware of defendant's repudiation of co-ownership more than three years before filing claim.

Asunto v. Shoup, 132 F. Supp. 2d 445 (E.D. La. 2000)

Estate administrator sued defendants in state court for royalties from music and recordings created by his father and brother's jazz band, "The Dukes of Dixieland." State claims included accounting, breach of duty, conversion, and unjust enrichment. Plaintiff also sought declaratory and injunctive relief. Alleging Copyright Act completely preempted plaintiff's state law claims, defendant removed to federal court, and plaintiff moved for remand. Court held plaintiff's state law causes of action were not preempted under Act, and granted plaintiff's motion to remand. On claims involving sound recordings, court found no preemption because recordings were made prior to 1972, and § 301 does not preempt pre-1972 recordings. On claims involving musical compositions, court applied two-part Fifth Circuit test to determine if claim is within subject matter of cop-

yright and if it protects rights equivalent to exclusive rights of copyright. Court found accounting and determination of ownership rights are strictly matters of state law and should not be preempted. Further, breach of contractual and fiduciary duty claims are not preempted because they are qualitatively different from copyright infringement claims. Court also reasoned that plaintiff's claim of conversion of royalties could not be preempted because it involved conversion of tangible assets and not copyright infringement. Court also rejected preemption of plaintiff's unjust enrichment claim and request for declaratory and injunctive relief, reasoning that these claims were merely extensions of plaintiff's breach of contractual and fiduciary duty claims. Since plaintiff's claims arose solely under state law, court also rejected defendant's artful pleading doctrine and federal copyright jurisdiction claims.

Chicago Style Prods., Inc. v. Chicago Sun-Times, Inc., 728 N.E.2d 1204 (Ill. Ct. App. 2000)

Intermediate appellate court affirmed grant of dismissal on preemption grounds. Plaintiff sued in state court alleging defendant's newspaper articles about people and events in Chicago infringed plaintiff's ideas in proposed television show focusing on same topic which was intended to promote newspaper and to be tied with newspaper articles. Plaintiff sued under Illinois Consumer Fraud and Deceptive Business Practices Act, alleging defendant's newspaper articles reflected "essence strategy and focus" of plaintiff's proposed program. Defendant moved to dismiss arguing, *inter alia*, state court claim was really copyright claim and thus preempted. Court granted defendant's motion holding that even though plaintiff alleged it was suing for copying of its "ideas," as opposed to tangible expression of ideas, preemption would apply since video constituted tangible expression of ideas and plaintiff could not make state law claim by separating out uncopyrightable ideas from copyrightable tangible expression of those ideas because preemption bars "state misappropriation claims with respect to uncopyrightable as well as copyrightable elements."

Butler v. Continental Airlines, Inc., Copyr. L. Rep. ¶ 28,139 (1st Dist. Tex. 2000)

Court affirmed trial court's grant of summary judgment in favor of Continental Airlines. While employee of Continental, Butler wrote several computer macro programs. Later Butler sued Continental for copying macros without compensating him. On appeal Butler asserted summary judgment improper because claim not within Copyright Act. However, appellate court affirmed that computer macros are within subject matter of federal Copyright Act based on Act's defining computer programs as "a set of statements . . . to be used directly or indirectly in a computer in

order to bring about a certain result." Furthermore, court held Butler's programming of computer macros into Continental's dumb terminals constituted tangible expression of program and is protected by copyright as non-literal component of computer program. Accordingly, court dismissed plaintiff's breach of contract claims based on preemption by Act.

Corporate Catering, Inc. v. Corporate Catering, Etc., Copyr. L. Rep. ¶ 28,242 (Tenn. Ct. App. 2001)

Tennessee Court of Appeals affirmed lower court's decision granting directed verdict to defendants on plaintiff's common law copyright and other claims. Plaintiff, former owner of defunct catering business, filed suit against defendant who purchased plaintiff's assets and adopted plaintiff's menu, claiming, *inter alia*, common law copyright infringement of names and descriptions of menu items. Court affirmed lower court's finding that common law copyright claims no longer exist under 1976 Act. Second, even if common law claims exist, they are preempted by federal Copyright Act because claims fall within subject matter of § 102 and are within scope of rights protected under Act. Accordingly, trial court properly directed verdict at close of case.

Bush v. Laggo Props., L.L.C., 784 So.2d 1063 (Ala. Civ. App. 2000)

Court reversed trial court's dismissal of plaintiff's breach of contract claim related to defendant's alleged unauthorized copying of plaintiff's building designs, and held claim was not preempted by Copyright Act. Hired by defendant construction company, plaintiff architect was later informed project was cancelled. After plaintiff learned defendant contractors obtained permit to construct buildings allegedly using plaintiff's designs, plaintiff brought state court action, asserting claims for breach of contract, quantum meruit and conversion. Plaintiff also brought federal and state claims for copyright infringement, but state claim was later dismissed by parties' agreement. Trial court granted defendants' motion to dismiss plaintiff's entire action on basis that claims were preempted. On appeal, court concluded breach of contract action incorporated third party beneficiary theory, wherein plaintiff argued he was intended beneficiary of agreement between defendant construction company and other defendants. Court held asserted breach of contract action was not available to plaintiff under Copyright Act, and reversed lower court's dismissal. However, court affirmed dismissal of quantum meruit claim because plaintiff failed to argue issue on appeal. Court also affirmed dismissal of conversion claim on basis of preemption because plaintiff sought damages instead of return of property, and further affirmed dismissal of copyright claim, observing that plaintiff consented to dismissal and had filed federal copyright action.

IX. MISCELLANEOUS

A. Insurance

Interface, Inc. v. Standard Fire Ins. Co., Copyr. L. Rep. ¶ 28,164 (N.D. Ga. 2000)

Court granted plaintiff's motion for summary judgment, holding that insurance company had duty to defend copyright infringement action under "advertising injury" provisions of commercial general liability insurance policies. Plaintiff, manufacturer and seller of commercial floor coverings, was sued by competitor for infringement of copyright in carpet patterns. Insurance policies provided coverage for advertising injury caused by offense committed in course of insured's advertising activity and included copyright infringement as one of covered offenses. Court rejected insurance company's argument that competitor's injury was not "advertising injury" and found sufficient causal connection between infringement and advertising injury. Plaintiff allegedly infringed not only by selling carpets, but also by displaying carpets bearing designs in its advertisements.

B. Digital Millennium Copyright Act

ALS Scan, Inc. v. RemarQ Communities, Inc., 239 F.3d 619 (4th Cir. 2001)

In action alleging copyright infringement and violation of Title II of Digital Millenium Copyright Act ("DMCA"), Fourth Circuit reversed trial court's grant of summary judgment for defendant Internet service provider and held defendant was denied "safe harbor" under DMCA because plaintiff copyright owner's notice of copyright infringement "substantially complied" with DMCA's requirements. Plaintiff was creator and copyright owner of adult photographs and asserted that over 10,000 of its copyrighted images appeared in two of defendant's newsgroups, which included postings by defendant's 24,000 members. After defendant refused to comply with cease and desist letter which referred defendant to web addresses for information on plaintiff's copyrights, plaintiff brought action demanding injunctive relief, actual and statutory damages and attorneys' fees. District court held defendant was not liable for either direct infringement for "merely" providing access to newsgroups containing infringing material or contributory infringement, because plaintiff failed to comply with DMCA's notification requirements. On review, Fourth Circuit observed purpose of DMCA was to preserve copyright enforcement on Internet while conferring immunity to innocent service providers. Court further noted service provider's innocence was lost when provider was put on notice of third party copyright infringements. Reviewing DMCA notification provisions, court concluded DMCA contemplated "substantial" compliance and relaxed requirements concerning multiple

copyrighted works so that representative list sufficed. Evaluating extent of plaintiff's notice, court summarized that plaintiff identified defendant's two infringing newsgroups, asserted that virtually all images at two sites consisted of plaintiff's copyrighted work and referred defendant to web addresses where defendant could find pictures of defendant's models and obtain related copyright information. On this basis, court held plaintiff substantially complied with DMCA's notification requirement and, accordingly, reversed district court and remanded for further proceedings on plaintiff's infringement claims and other affirmative defenses available to defendant.

Universal City Studios v. Reimerdes, 111 F. Supp. 2d 294 (S.D.N.Y. 2000)

District court held defendants' posting on website of program designed to circumvent access controls, and linking to other sites that did so, violated § 1201(a)(2) of Act, which prohibits offering or providing technology that may be used to circumvent technological protections against unauthorized access to copyrighted works. Plaintiff motion picture studios distributed copyrighted motion pictures in digital form on digital versatile disks ("DVDs"). To protect against piracy, studios employed encryption system called Content Scramble System, or CSS. Norwegian hacker created DeCSS, computer program that circumvents CSS and allows protected motion pictures to be copied and played on devices lacking licensed CSS decryption technology. Defendants posted DeCSS on website for download, with links to other sites posting circumvention program. Plaintiffs sued under § 1201(a)(2), seeking to enjoin posting and linking. Court found both CSS and DeCSS were within compass of § 1201: CSS is technological means that "effectively controls access" to plaintiffs' copyrighted works, while DeCSS is circumvention device under statute, which defines circumvention as, *inter alia*, "to decrypt an encrypted work." DeCSS, further, was created for sole purpose of decrypting CSS-protected DVDs, thus meeting two of three alternative prongs of statutory standard for proscribed technology: it (1) was primarily designed for purpose of circumvention; and (2) had only limited commercial purpose other than to circumvent. Finally, defendants' posting of DeCSS on their website, as well as maintaining of links to other sites that offer DeCSS for download, constitute "offering" and "providing" DeCSS. Court rejected defendants' claims that activities fell under statutory exceptions for reverse engineering and for good faith encryption research and security testing. Accordingly, defendants were enjoined from posting DeCSS and from linking to other sites posting DeCSS.

C. *Satellite Home Viewer Improvement Act*

CBS, Inc. v. PrimeTime 24 Joint Venture, 245 F.3d 1217 (11th Cir. 2001)

Vacating and remanding for modification of permanent injunction, Eleventh Circuit held grandfather clause in Satellite Home Viewer Improvement Act of 1999 ("SHVIA") permitted defendant satellite television carrier to transmit network broadcasting to satellite dish owners who had received particular type of transmissions before "any termination" of such transmissions occurring before October 31, 1999, which included subscribers who voluntarily terminated service and those who involuntarily terminated service. At trial, plaintiffs, four major television networks and others, successfully proved satellite television carrier unlawfully distributed copyrighted network programming to subscribers who were not authorized to receive such programming by virtue of statutory compulsory license under which defendant was operating. Congress then passed SHVIA to permit defendant to return service to customers. Arguing over which customers were restored service under language of statute, defendant asserted that it could now offer service to any customer who had previously terminated, whether voluntarily or involuntarily, while plaintiffs countered that Congress intended to return service only to customers whose service had been terminated involuntarily as result of court order. District court sided with plaintiff's reading of statute, and defendant appealed. Circuit panel looked at plain meaning of statute, concluding that Congress' use of "any termination" language was not ambiguous and included all subscribers whose service had been terminated voluntarily or involuntarily.

D. *Visual Artists Rights Act*

Flack v. Friends of Queen Catherine, Inc., 139 F. Supp. 2d 526 (S.D.N.Y. 2001)

District court denied defendants' motion to dismiss as to plaintiff's Visual Artists Rights Act ("VARA") claims. Defendant non-profit organization ("FQC") commissioned plaintiff artist to design and supervise fabrication and installation of 35′ bronze sculpture of Queen Catherine of Braganza, namesake of Borough of Queens, on East River site overlooking Manhattan. At co-defendant foundry, plaintiff completed 22″, 44″ and 10′ bronze versions of sculpture, and worked on clay model of face and other parts of 35′ version. FQC approved sculpture and authorized creation of molds and casting. Project had by then become controversial, and Borough withdrew offer of East River site for sculpture. FQC and foundry entered into new agreement providing foundry would assemble and finish sculpture, with artist not permitted to supervise or approve fabrication. Mold of

head of 35′ statue was placed outdoors at foundry, damaging face of sculpture. Artist offered to resculpt face for additional fee, but foundry instead hired artist's assistant, who allegedly created "distorted, mutilated" model. Defendants proceeded with fabrication of statue, and artist commenced action for copyright infringement and VARA violations, seeking preliminary injunction prohibiting defendants from modifying or destroying 35′ clay sculpture. Artist asserted three claims under VARA: (1) that placing of clay head outdoors resulted in "partial destruction," or "grossly negligent" or "intentional" modification, of work; (2) that hiring of assistant to reconstruct face of clay sculpture resulted in "grossly negligent" or "intentional" modification of work; and (3) for violation of asserted right under VARA to compel defendants to complete and maintain work in accordance with artist's wishes. Court rejected defendants' contention that clay head, as "model" for 35′ bronze, was thereby statutorily excluded from definition of "work of visual art" in § 101. Neither statute nor legislative history indicates meaning of word "model"; court, accordingly, looked to "standards of artistic community," under which such "models" are considered works of art in their own right. Court dismissed first VARA claim. Statute, court noted, does not prohibit modifications resulting from passage of time or inherent nature of materials. Complaint, further, did not allege defendants intentionally or directly damaged clay face, and unsupported allegation that defendants "willfully" placed head outdoors was insufficient. Court also rejected contention that head was "destroyed" through defendants' gross negligence; although face was damaged, head was capable of being repaired. Court denied motion to dismiss second claim, finding complaint contained sufficient allegations that, if proven, could support inference that hiring of inexperienced assistant was grossly negligent. Court dismissed third claim, noting VARA mandates preservation of protected art, but does not cover works that do not yet exist, or mandate their creation. Court denied plaintiff's motion for preliminary injunction, which relied on cases stating that showing of copyright or VARA violation creates presumption of irreparable harm. As surviving claims were solely for past violations, presumption was inapplicable, and artist failed to establish irreparable harm.

E. Misappropriation

Morris Communications Corp. v. PGA Tour, Inc., 117 F. Supp. 2d 1322 (M.D. Fla. 2000)

Plaintiff sought preliminary injunction, alleging defendant, promoter of PGA Golf Tour, violated Sherman Act by wrongfully denying plaintiff right to syndicate real-time golf scores without time delay or other restrictions. Defendant gathered scores through Real-Time Scoring System ("RTSS"), which defendant developed at cost of $26 million, and which

consisted of network of volunteers spread across golf course relaying information to remote production truck, where it was compiled and posted on defendant's website. Defendant argued it owned property right in RTSS and its restrictions on access were reasonable safeguard against free-riders. Plaintiff countered that defendant had no property interest in real-time scores because scores are factual information in public domain, citing *National Basketball Assoc. v. Motorola, Inc.*, 105 F.3d 847 (2d Cir. 1997). Court denied plaintiff's motion for preliminary injunction, holding that, unlike defendants in *Motorola*, who gathered scores by monitoring publicly-aired broadcasts, Morris Communications could gather golf scores only through defendant's private RTSS, and that to grant plaintiff's motion would be to "authorize some degree of free riding without the benefit of what evidence may be produced at trial." Motion for preliminary injunction denied.

F. Miscellaneous

EMI Catalogue P'ship v. Hill, Holliday, Connors, Cosmopulos, Inc., 228 F.3d 56 (2d Cir. 2000)

In trademark infringement action over song, plaintiff song owners appealed district court order granting summary judgment to defendant. Plaintiff owned and administered all rights in song "Sing, Sing, Sing (With a Swing)" ("Song") and its title. Defendant, manufacturer of golf equipment, created TV commercial using "Swing, Swing, Swing" with stock music evocative of Song. District court, finding defendant's use of phrase "Swing, Swing, Swing" was fair use of descriptive term, granted summary judgment. On appeal, Second Circuit rejected argument that mark consists of both title of Song and music itself. Court held that musical composition cannot be protected as its own trademark under Lanham Act. Contrary conclusion would stretch definition of trademark law too far, and give trademark law role in protecting essence of song. This, court concluded, would be unwarranted extension into area already protected by copyright law. Court did, however, reverse and remand, holding that district court improperly analyzed fair use and erred in finding no material issue of fact on descriptive use.

Eldred v. Reno, 239 F.3d 372 (D.C. Cir. 2001)

In two-to-one decision, D.C. Circuit affirmed judgment on pleadings in favor of defendant/government, dismissing claims by group, whose businesses rely upon public domain works, that Copyright Term Extension Act of 1998 ("CTEA") was unconstitutional under First Amendment or Copyright Clause. CTEA extended term of copyright for 20 years as follows: (a) for works created in 1978 or later, where individual author owns copy-

right, new term became life of author plus 70 years; (b) for works created in 1978 or later, where author is anonymous or pseudonymous or made for hire, term became shorter of 95 years from publication or 120 years from year of creation; and (c) for works created before 1978, renewal term became 67 years, making combined term of 95 years. Plaintiffs, diverse group exploiting public domain works, argued that CTEA, in both prospective and retrospective applications, failed intermediate scrutiny under First Amendment, in application to preexisting works, violated originality requirements of Copyright Clause, and in extending term of subsisting copyrights, violated "limited times" requirement of Copyright Clause. In issue of first impression, Circuit Court held (a) First Amendment not implicated because copyright protects expression of ideas, not ideas themselves; (b) originality requirements of Copyright Clause not violated by grant of extended renewal to copyrighted works because works already satisfied originality and need not do so again for copyright to persist; (c) preamble of Copyright Clause giving Congress power to "promote the Progress of Science and useful Arts" is not substantive limit restricting Congress' legislative power to extend duration of copyright. Third panel member dissented in part, finding that extending term retrospectively was unconstitutional as violation of same preamble clause majority embraced.

Rommel v. Laffey, Copyr. L. Rep. ¶ 28,124 (N.D.N.Y. 2000)

District court granted defendants' motion to dismiss pursuant to Fed. R. Civ. P. 12(b)(6). Plaintiffs, publishers of monthly real estate guide entitled *Homebuyers*, alleged defendants, publishers of competing monthly real estate guide, infringed plaintiffs' federal and "common law" copyrights in advertising layouts contained in *Homebuyers*. To support their claim, plaintiffs submitted documents indicating they filed copyright applications subsequent to institution of this action. Court dismissed plaintiffs' federal copyright claims, because mere application for copyright does not support claim under Act, which requires registration as basis for suit. In addition, court dismissed plaintiffs' misappropriation and common law claims as preempted. Finally and substantively, court observed that plaintiffs' copyright claims were primarily based on advertisements placed in their publication by area realtors, and plaintiffs' alleged assistance to realtors in designing advertising layouts was not enough to give plaintiffs protectible interest in those layouts.

Preston v. State Bd. of Equalization, 19 P.3d 1148 (Cal. 2001)

Supreme Court of California held that transfer of copyright interest in artwork is not subject to sales tax even where tangible artwork is transferred temporarily in connection with copyright transfer. However, temporary transfer of original artwork was separately subject to sales tax. In three

separate transactions, plaintiff artist had transferred copyrights in particular illustrations to two book publishers and rubber stamp manufacturer. As part of transaction, plaintiff had provided her original artwork, which was returned after copies had been made. Defendant conducted sales and use tax audit of plaintiff and assessed sales tax and interest on entire amount of royalties plaintiff had received. Plaintiff paid tax and sued for refund. On appeal, court held that copyright assignments were "technology transfer agreements" within meaning of Cal. Rev. & Tax Code §§ 6011(c)(10) and 6012(c)(10) and thus exempt from sales tax. However, temporary transfer of original artwork was "physically useful" to transfer of intangible rights and constituted "lease of tangible personal property," which was subject to sales tax. Court remanded for determination of amount of royalties attributable to temporary transfer of original artwork, recalculation of applicable sales tax and refund of balance of tax paid.

PART II

ARTICLES

DID NAPSTER SAVE COPYRIGHT? A PROPOSAL TO AMEND SECTION 511 OF THE COPYRIGHT ACT USING *A&M RECORDS V. NAPSTER* TO SOLVE THE SUPREME COURT'S ELEVENTH AMENDMENT ABROGATION RIDDLE

by COREY FIELD*

> *It is quite unfair for the Court to strike down Congress' Act based on an absence of findings supporting a requirement this Court had not yet articulated.*
>
> *Florida Prepaid* (Stevens, J., dissenting)[1]

> *"Appropriate" legislation pursuant to the Enforcement Clause of the Fourteenth Amendment* could *abrogate state sovereignty.*
>
> *Florida Prepaid* (Rehnquist, C.J.)[2]

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[1] Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank, 527 U.S. 627, 654 (1999) (Stevens, J., dissenting).

[2] *Id.* at 637 (emphasis added). For a proposed answer to this riddle, see VI(D) *infra*.

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I. INTRODUCTION

"Eleven" is a recurring number in our story. It took about eleven years for the Copyright Remedy Clarification Act (CRCA)[3] to be felled by the Eleventh Amendment.[4] The CRCA was proposed by Congress in 1989 and passed in 1990 with the intent that the infringement remedies under the Copyright Act expressly extend to infringements by states and state-supported entities. The CRCA is codified in several places within the Copyright Act, but most prominently in section 511 "Liability of States, instrumentalities of States, and State officials for infringement of copyright":

> (a) In general.—Any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity, shall not be immune, under the Eleventh Amendment of the Constitution of the United States or under any other doctrine of sovereign immunity, from suit in Federal court by any person, including any governmental or nongovernmental entity, for a violation of any of the exclusive rights of a copyright owner provided by sections 106 through 121, for importing copies of phonorecords in violation of section 602, or for any other violation under this title.
>
> (b) Remedies.—In a suit described in subsection (a) for a violation described in that subsection, remedies (including remedies both at law and in equity) are available for the violation to the same extent as such remedies are available for such a violation in a suit against any public or private entity other than a State, instrumentality of a State, or officer or employee of a State acting in his or her official capacity. Such remedies include impounding and disposition of infringing articles under section 503, actual damages and profits and statutory damages under section 504, costs and attorney's fees under section 505, and the remedies provided in section 510.[5]

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[3] *See* the Copyright Remedy Clarification Act of 1990, 104 Stat. 2749, P.L. 101-553 (H.R. 3045), codified as 17 U.S.C. §§ 501(a), 511, 910, 911 (1994). *See also* H.R. REP. NO. 282(I), 101st Cong.(1989), *reprinted in* 1990 U.S.C.C.A.N. 3949 [hereinafter House Report]. The Copyright Remedy Clarification Act was proposed in 1989 and passed in 1990.

[4] *See* U.S. CONST. amend. XI (ratified February 7, 1795):

> The Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State.

[5] 17 U.S.C.A. § 511 (West 1996 & Supp. 2001).

In 2000, the CRCA was found unconstitutional by the Fifth Circuit hearing *Chavez v. Arte Publico Press*[6] on remand from the Supreme Court. Chavez and the demise of Section 511 of the Copyright Act[7] occurred in the midst of a flurry of Supreme Court opinions in the years 1996-2001 which struck down similar legislation that attempted to abrogate state sovereign immunity from suit in federal court under the Eleventh Amendment.

Included were areas as diverse as disability discrimination,[8] age discrimination,[9] patent protection,[10] unfair competition,[11] religious freedoms,[12] and the Indian commerce clause of the Constitution.[13] In the process, however, the Supreme Court articulated what is arguably a newly evolved standard for successful abrogation legislation: the new four-part "Florida test." This test would only allow narrowly-tailored abrogation legislation that uses Fourteenth Amendment due process powers as a gateway to remedy specific deprivations of constitutional rights, with a re-

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[6] 204 F.3d 601 (5th Cir. 2000).

[7] Although the Copyright Remedy Clarification Act is codified within several sections of the Copyright Act, its greatest force is contained within § 511 of the Act. Throughout this paper, references to section 511 of the Copyright Act are synonymous with the CRCA.

[8] *See* Title I of the Americans with Disabilities Act of 1990, 42 U.S.C. §§ 12111-12117 (1994). *But see* Board of Trustees of the Univ. of Alabama v. Garrett, 531 U.S. 356 (2001) (holding that abrogation of state sovereign immunity provisions in the ADA are invalid).

[9] *See* the Age Discrimination in Employment Act of 1967, 29 U.S.C. § 623(a)(1) (1994) [hereinafter ADEA]. *But see* Kimel v. Florida Bd. of Regents, 528 U.S. 62 (2000) (holding that provisions within the ADEA allowing suit against states are invalid).

[10] *See* the Patent and Plant Variety Protection Remedy Clarification Act, 35 U.S.C. §§ 271(h), 296(a) (1994). *But see* Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank, 527 U.S. 627 (1999) (holding the Eleventh Amendment abrogation provisions of the Act unconstitutional).

[11] *See* The Trademark Remedy Clarification Act, 15. U.S.C. § 1125(a) (1994), allowing suits against states for unfair competition and misleading advertising under the Trademark Act of 1946 (Lanham Act). *But see* College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd., 527 U.S. 666 (1999) (holding that the abrogation of state sovereign immunity provisions in the Lanham Act are unconstitutional).

[12] *See* the Religious Freedom Restoration Act of 1993, 42 U.S.C. § 2000bb *et seq.* (1994). *But see* City of Boerne v. Flores, 521 U.S. 507 (1997) (holding that the "RFRA contradicts vital principles necessary to maintain separation of powers and the federal balance"). *Id.* at 536.

[13] *See* the Indian Gaming Regulatory Act, 25 U.S.C. § 11(d)(7)(A)(I), (d)(7)(B)(ii-vii) (1994). *But see* Seminole Tribe of Fla. v. Florida, 517 U.S. 44 (1996) (holding that because Article III of the Constitution specifies permissible jurisdictions of federal courts, Congress may not use its Article I powers to abrogate state sovereign immunity from suit).

quirement of empirical data in the form of compelling evidence of such deprivations.

After presenting and analyzing this proposed new "Florida test" for successful abrogation legislation, this paper will examine whether any portion of the Copyright Remedy Clarification Act can now meet the new standard and be saved via amendment. Ironically, casting our net for evidence of mass-infringement compelling enough to meet the new "Florida test" leads us to the recent Internet music infringement case *A&M Records v. Napster*, specifically the portion of *Napster* that includes judicially noticed evidence of mass copyright infringement via the Internet on state-supported college campuses. Even in a post-Napster world where software that enables peer-to-peer online infringement will be less centralized than the Napster model, the evidentiary precedent of online infringement remains important for the future legislation aimed at abrogating Eleventh Amendment immunity.

The original congressional intent of the CRCA was to bring all state entities within the enforcement powers of the Copyright Act. Should future legislative amendments based on the "Florida test" result in state-supported colleges being the first such entities to have their potential liability restored under an amended CRCA, it will not be because state-supported colleges are somehow being "singled out" for restoration of potential liability. The Supreme Court's new Eleventh Amendment "Florida test" demands compelling empirical evidence of constitutional deprivations committed by states. Under the "Florida test," many areas of the law, not just copyright, will be searching for the required empirical evidence that is a component of any successful amendment and restoration of abrogation legislation. Whether the "Florida test" would be met in any future legislation will only be known when it is tested in the courts. This paper argues, however, that for the moment at least, Eleventh Amendment jurisprudence has reached a point of repose, and copyright law can attempt to learn from the lessons offered by the record.

To tell the story of this Eleventh Amendment separation of powers struggle between the federal legislature and the judiciary, we will go as far back as pre-Revolutionary America and as far forward as imagined new technologies, and new infringements, will take us. We will conclude with a proposal to salvage at least some of Congress' intent that protection of rights under the Copyright Act does not stop at the door to the state capitol.

Ironically, the case that became a by-word for mass infringement of music files on the Internet, may now provide the evidentiary support and rationale for narrowly-tailored drafting that can save part of the Copyright Act from judicial nullification. The search for evidence of state-supported

wide-spread deprivation of constitutional rights under copyright leads, for the moment, to *Napster*.

II. THE ORIGINS OF THE ELEVENTH AMENDMENT: AN EARLY SEPARATION OF POWERS CLASH BETWEEN THE JUDICIARY AND THE LEGISLATURE

Eleven years was the time span from the beginning of the United States in 1776 to the writing of the Constitution in 1787. For six of those years (1781 to 1787) the United States was organized under the Articles of Confederation,[14] whose guiding principle was that state governments

[14] *See* Articles of Confederation (July 9, 1778, ratified March 1, 1781), 1 Stat. 4. The emphasis of the Articles of Confederation on state sovereignty and autonomy is evident. The first Article merely indicates the name of the new nation, while Articles 2 and 3 state the new confederation's purposes:

> Art. 2. Each State retains its sovereignty, freedom, and independence, and every power, jurisdiction, and right, which is not by this confederation, expressly delegated to the United States, in Congress assembled.
>
> Art. 3. The said States hereby severally enter into a firm league of friendship with each other, for their common defence [sic], the security of their liberties, and their mutual and general welfare, binding themselves *to assist each other* against all force offered to, or attacks made upon them, or any of them, on account of religion, sovereignty, trade, or any other pretence whatever. (*emphasis added*).

The priority accorded to retention of state rights, and the further hint that states will assist each other rather than form a unified national defense are only two examples of the emphasis on state rights in the Articles. With no provision for an Executive branch other than someone selected to preside over the Congressional meetings, and no provision for a permanent Judicial branch, a reading of the Articles of Confederation in light of the later Constitution is illuminating. The Framers of the Constitution were reacting strongly to the Articles of Confederation, and wasted no time in setting forth a strong national federal government with an extensive list of enumerated powers, very few of which existed under the Articles of Confederation. Those powers that are mentioned in both documents were curtailed as to the states: For example, the power to coin money in the Articles of Confederation resided either in the United States, or in the individual states (Art. 9, § 4).

See also Ware v. Hylton, 3 U.S. (3 Dall.) 199, 231-32 (1796). Justice Iredell's opinion gives a useful contemporaneous account of the political organization of the United States, and the role of the Articles of Confederation, in the pre-Constitutional era:

> It has been enquired what powers Congress possessed from the first meeting, in September 1774, until the ratification of the articles of confederation, on the 1st of March, 1781? It appears to me, that the powers of Congress, during that whole period, were derived from the people they represented, expressly given, through the medium of their State Conventions, or State Legislatures; or that after they were exercised they were impliedly ratified by the acquiescence and obedience of the people. After

reigned sovereign and supreme. It was not yet settled that a federal government would exist that was powerful enough to go beyond loosely coordinating inter-State matters to become a national government directly affecting the lives of individual citizens. The concept of the uniquely American dual citizenship where persons are citizens both of their state and of the United States, was anathema to those who saw any strong federal government as inviting the sort of abuse of centralized power and tyranny which the colonies had so recently fought so hard to escape.[15]

Under the Articles of Confederation, autonomous competition among the separate states led to power struggles in the form of customs duties, tariffs, and other rivalries that threatened the nation's stability, and made enforcement of national concerns such as the Revolutionary War peace treaty with Britain[16] nearly impossible. Small states resented the most populous states such as Virginia, Pennsylvania, and Massachusetts; merchants of the northern states had different interests from the agrarians of the South; and even the national borders were not entirely secure: the British still maintained outposts on American soil; and the Spaniards loomed across American territorial borders in Florida and points west. As

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the confederacy was compleated, the powers of Congress rested on the authority of the State Legislatures, and the implied ratifications of the people; and was a government over governments.

[15] *See generally* CATHERINE DRINKER BOWEN, MIRACLE AT PHILADELPHIA: THE STORY OF THE CONSTITUTIONAL CONVENTION, MAY TO SEPTEMBER 1787 (1966) [hereinafter BOWEN]. Bowen presents a chronological narrative drawing from original source material in the form of letters by the Framers, speeches as recorded in Records of the Federal Convention; the official record of the Constitutional Convention; and reports by Madison; Yates; King; McHenry; Pierce; and Hamilton. For the source materials in the form of notes and records of the constitutional convention, see THE RECORDS OF THE FEDERAL CONVENTION (rev. ed., Max Farrand, ed.1966) 4 v. [hereinafter RECORDS OF THE FEDERAL CONVENTION].

[16] *See* Provisional Articles of Peace between Great Britain and the United States, signed at Paris, 30 November 1782, *reprinted in* 48 CONSOLIDATED TREATY SERIES 225 (Clive Parry, ed.). The Treaty was ratified on September 3, 1783. Article 4 of the treaty restores Pre-Revolutionary debts:

> It is agreed that Creditors on either side, shall meet with no lawful Impediment to the Recovery of the full value in Sterling Money of all bona fide Debts heretofore contracted. *Id.* at 227.

Article 5 of the treaty restores Pre-Revolutionary confiscations, but only in the form of a recommendation to the States:

> It is agreed that the Congress shall earnestly recommend it to the Legislatures of the respective States, to provide for the Restitution of all Estates, Rights, and Properties which have been confiscated, belonging to real British Subjects; and also of the Estates Rights and Properties of Persons resident in Districts in the Posession [sic] of his Majesty's Arms; and who have not borne Arms against the said United States .. . . *Id.* at 227.

the Framers themselves observed, a truly national American government was more of a plan than a reality.[17]

Yet the awesome powers over life and death of a sovereign government were not entirely shunned. It is a curious fact that despite a bloody war of Independence in order to secure freedom from a tyrannical Sovereign,[18] the first recorded legal acts of the Supreme Court of Pennsylvania included capital punishment for overt acts of high treason committed during the Revolutionary War.[19] Thus although the Sovereign, King George III, no longer ruled, the concept of Sovereignty survived the Revolution.[20] The Framers of the Constitution, and the earliest courts, believed that even in a republic governed by "We the people," the state had Sovereign-like powers. Following passage of the Bill of Rights in the form of amendments one through ten, state sovereign immunity was important enough to the young republic to become, in 1795, the subject of the next constitu-

[17] *See* 1 RECORDS OF THE FEDERAL CONVENTION 17-23 (Madison). On May 29, 1787 one of the Virginia delegates, Edmund Randolph, opened the convention by "comment[ing] on the difficulty of the crisis, and the necessity of preventing the fulfillment of the prophecies of the American downfall." After proposing radical changes to the system of government for the convention to consider, Randolph "concluded with an exhortation, not to suffer the present opportunity of establishing general peace, harmony, happiness and liberty in the U.S. to pass away unimproved." *Id.* at 23.

[18] *See generally* The Declaration of Independence, 1 Stat. 1 (1776) (stating grievances against the English Sovereign George III and declaring that "Governments [derive] their just Powers from the Consent of the Governed.") *Id.* at para. 1. *See also* U.S. CONST., 1. Stat. 10 (establishing a government functioning with the consent of the governed, who hold the government accountable to "We the people."). *Id.* at para. 1. *See also* 1 RECORDS OF THE FEDERAL CONVENTION 43 (McHenry's notes stating "We had better take a supreme government now, than a despot twenty years hence – for come he must."). The tyrannical abuses of George III were never far from the minds of at least some of the delegates to the convention.

[19] *See* Republica v. Carlisle, 1 U.S. (1. Dall.) 35 (1778) (finding that the defendant committed an overt act of high treason during the Revolutionary War by accepting a commission in the British army and assisting the British in their siege of Philadelphia, and recording that after the judgment of the court "the Defendant, a short time afterwards, was accordingly executed."). *See also* Republica v. Roberts, 1 U.S. (1. Dall.)39 (1778) (finding the defendant guilty of high treason via the overt act of enlisting in the British army, and recording that "the Defendant, a short time afterwards, was, accordingly, executed.).

[20] Although the historic English phrase "The King can do no wrong" is sometimes quoted as symbolic of the principle of sovereign immunity, commentators point out that the phrase is more in the nature of a warning to the monarch to observe the limits of his power, rather than a celebration of the Sovereign's divinely righteous judgment. *See generally* John J. Gibbons, *The Eleventh Amendment and State Sovereign Immunity: A Reinterpretation*, 83 COLUM. L. REV. 1889 (1983).

tional amendment, the Eleventh,[21] one of only four amendments to the Constitution enacted to specifically overturn a Supreme Court decision.[22]

A. Chisholm v. Georgia

The economic realities of the post-Revolutionary War period included the flashpoint issues of pre-Revolutionary debt.[23] Under the peace treaty with Great Britain, pre-Revolutionary debts to British merchants must be repaid with interest, and pre-Revolutionary confiscation of British property and lands would have to be nullified or compensated.[24] In many cases, the property was seized by states that did not have in their treasuries sufficient funds to make compensation payments as required by the treaty. In the early years of the Republic, governments were improvised affairs with little or sporadic income via taxation. In order to enjoy the benefits of the peace treaty, including open trade and secure borders, debts to the former enemy would have to be paid. To further complicate a hard-opposed issue, southern states felt that some of the treaty provisions favored the northern states and their merchants at the expense of the largely agricultural southern economy, for example secure northern frontiers with Canada and rights to international trade within the British empire. Thus did the early federal/state balance of power struggles, and the resultant Eleventh Amendment, present state's rights issues that were precursors of the Civil War and the subsequent enactment of Fourteenth Amendment due process rights.

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[21] *See* U.S. CONST. amend. XI.

[22] In addition to the Eleventh Amendment which was passed to overrule *Chisholm v. Georgia* (holding that a citizen of South Carolina may bring suit against the State of Georgia in federal court), the Thirteenth Amendment prohibiting slavery was passed in reaction to *Dred Scott v. Sandford*, 60 U.S. (19. How.) 393 (1857) (holding that a slavery prohibition in the Northwest Territories Ordinance was unconstitutional). The Sixteenth Amendment giving Congress the power to lay and collect income tax was passed in reaction to *Pollock v. Farmers' Loan & Trust Co.*, 157 U.S. 429 (1895) (holding federal income tax unconstitutional). The Twenty-sixth Amendment setting the voting age at eighteen was passed in reaction to *Oregon v. Mitchell*, 400 U.S. 112 (1970) (holding that provisions in the Voting Rights Act amendment of 1970 allowing voting at age eighteen in state and local elections was unconstitutional).

[23] *See generally* Gibbons, *supra* note 20 (analyzing the debates during the Constitutional Convention of 1787 that related to sovereign immunity implications in the Peace Treaty with Great Britain, in an effort to determine "whether or not the eleventh amendment actually reinstated an original understanding of state sovereign immunity"). *Id.* at 1899.

[24] *See* Provisional Articles of Peace between Great Britain and the United States, signed at Paris, 30 November 1782, *supra* note 16.

By the February 1793 term of the Supreme Court, the new Constitution had been ratified and in effect for a mere six years. The Judiciary Act of 1789 was only four years old. Cases that came before the highest court in the land were often cases of first impression that would define the United States in fundamental ways, and the justices knew it.[25]

Several cases pitted state financial obligations under the treaty against the powers of the Supreme Court to enforce those obligations in federal court. In *Georgia v. Brailsford*, the state filed a bill in equity to prevent federal enforcement of the treaty against a Georgia citizen.[26] In *Grayson*

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[25] *See* Ware v. Hylton, 3 U.S. (3 Dall.) 199 (1796). At issue was whether the 1782/83 Peace Treaty with Britain which restored pre-Revolutionary Debts owned to British citizens, nullified Virginia's 1777 law voiding such debts via Article VI of the Constitution which makes federal treaties the supreme law of the land: "It is the declared will of the people of the United States that every treaty made, by the authority of the United States, shall be superior to the Constitution and laws of any individual State; and their will alone is to decide." *Id.* at 237. At that time, Supreme Court Justices wrote separate opinions. In *Ware*, Justice Iredell's opinion captures the judicial apprehension at the enormity of the consequences of decisions made by the Supreme Court in the early years of the Republic when dealing with issues such as enforcement of the Peace Treaty, issues which could have led to a new war with Britain:

> In delivering my opinion on this important case, I feel myself deeply affected by the awful situation in which I stand. The uncommon magnitude of the subject, its novelty, the high expectation it has excited, and the consequences with which a decision may be attended, have all impressed me with their fullest force. I have trembled lest by an ill informed or precipitate opinion of mine, either the honour, the interest, or the safety of the United States should suffer or be endangered on the one hand, or the just rights and proper security of any individual on the other. In endeavouring to form the opinion I shall now deliver, I am sure the great object of my heart has been to discover the true principles upon which a decision ought to be given, unbiassed [sic] by any other consideration than the most sacred regard to justice. Happy should I have thought myself, if I could as confidently have relied on a strength of abilities equal to the greatness of the occasion. *Id.* at 256-57.

On the theory of "once burned, twice shy," could Justice Iredell's recalcitrance here indicate his concern that the Eleventh Amendment was an overly hasty reaction to his dissent three years earlier in *Chisholm*? Few Justices have seen their dissents converted so speedily into Constitutional amendments as had Justice Iredell in *Chisholm*. Perhaps in *Ware* he was concerned that the Court's holding would result in another Amendment regarding the enforceability of treaties. Iredell certainly went to great lengths in *Ware* to point out that under Article VI of the Constitution, "all Treaties made, or which will be made, under the Authority of the United States, shall be the supreme Law of the Land[.]" *See Ware*, 3 U.S. at 237 (Iredell, J.).

[26] *See* Georgia v. Brailsford, 2 U.S. (2 Dall.) 402 (1792).

v. Virginia, Virginia was in federal court defending its seizure, via a 1779 legislative act, of 1.8 million acres of land from stockholders in the Indiana Company, whose original conveyance was from the British Crown.[27]

In the same February 1793 term, *Chisholm v. Georgia* was the case that led directly to enactment of the Eleventh Amendment.[28] *Chisholm* was a lawsuit against the State of Georgia by a citizen of South Carolina who wanted to collect on pre-Revolutionary bond debts.

Although not directly concerned with Peace Treaty issues, *Chisholm's* holding that the Judiciary Act allowed individual plaintiffs to bring suit against a state in federal court was seen in the contemporary context as part of the pre-Revolutionary debts owed to Britain issue. Individual states simply could not bear to see the courts of a nascent federal government potentially enforce massive financial obligations to the British. The situation struck home at the many unsettled federalism issues of the day regarding state's rights.

It was the dissent in *Chisholm* by Justice Iredell that was later codified in the Eleventh Amendment. The historical moment was complex, and surprisingly in tune with international events. The French Revolution and its American-like overthrow of a tyrant king had led to war between France and Britain, strong pro-French public opinion, lack of public support for the Peace Treaty with Britain, lack of public support for the potentially tyrannical federal government, and a resurgence of states' rights.[29] Balanced against this was the possibility that continued lack of compliance under the Peace Treaty could lead to a catastrophic new war with Britain, and the end of the United States after only a few years of existence.[30]

Against this background, *Chisholm's* 1793 holding that the federal courts had jurisdiction in a private suit against a state for money damages was unpopular. As early as January 1794, Congress responded by drafting the Eleventh Amendment which was submitted to the states for ratification with this text:

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[27] *See* Virginia v. Grayson, 3 U.S. (3 Dall.) 320 (1796).

[28] *See* Chisholm v. Georgia, 2 U.S. (2 Dall.) 419 (1793).

[29] *See* JOHN B. MCMASTER, 2 A HISTORY OF THE PEOPLE OF THE UNITED STATES, FROM THE REVOLUTION TO THE CIVIL WAR 95-99 (1885) (describing the issues of the day in 1793 America, including the popularity of the French Revolution and the concerns over the impact on the United States of France's subsequent war with Britain). Although written as long ago as 1885, McMaster's history of the United States is written in a succinct journalistic style that uses source material such as 18th century newspapers to vividly capture the day-to-day news and political reactions of post-Revolutionary America.

[30] *See* Gibbons, *supra* note 20, at 1927.

> The Judicial power of the United States shall not be construed to extend to any suit in law or equity, commenced or prosecuted against one of the United States by Citizens of another State, or by Citizens or Subjects of any Foreign State.[31]

B. Interpretation of the Eleventh Amendment

Read at face value, the Eleventh Amendment limits federal jurisdictional powers derived from Article III of the Constitution[32] and the Judiciary Act of 1789[33] only as to diversity of parties, not subject matter: federal courts do not have jurisdiction in suits against a state brought by a citizen of another state or a citizen of a foreign country. On its face, this limitation would still allow for actions against a state in federal court brought by one of its own citizens. Historically, however, the Eleventh Amendment's "penumbra"[34] grew to include any federal subject matter regardless of diversity of parties. In the words of Chief Justice Rehnquist:

> Although the text of the amendment would appear to restrict only the Article III diversity jurisdiction of the federal courts, "we have understood the Eleventh Amendment to stand not so much for what it says, but for the presupposition . . . which it confirms."[35]

Thus in the 1890 case *Hans v. Louisiana*,[36] sovereign immunity under the Eleventh Amendment was expanded beyond its strictly-read diversity limitations to preclude a federal action against a state brought by one of its own citizens. Although later criticized as "judge-made law,"[37] this expansion of state sovereign immunity continues in the more recent cases discussed below.

It should also be remembered that the Eleventh Amendment does not vitiate the Article III powers of the federal judiciary. Federal jurisdic-

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[31] *See* U.S. CONST. amend. XI.

[32] *See* U.S. CONST. art. III, § 2 (delineating the extent of the judicial power of the federal courts).

[33] *See* Act of September 24, 1789, 1 Stat. 73. (specifying jurisdiction of federal courts).

[34] *See* Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank, 527 U.S. 627, 665 (1999) (Justice Stevens in dissent remarking that:
> The full reach of [*Seminole Tribe's*] dramatic expansion of the judge-made doctrine of sovereign immunity is unpredictable; its dimensions are defined only by the present majority's perception of constitutional penumbras rather than constitutional text). *Id.* at 665.

[35] *See* Seminole Tribe of Fla. v. Florida, 517 U.S. 44, 54 (1996), quoting from Blatchford v. Native Vill. of Noatak, 501 U.S. 775, 779 (1991).

[36] 134 U.S. 1 (1890).

[37] *See Florida Prepaid*, 527 U.S. at 665.

tion still exists, and can still apply in suits brought against states should the state agree to waive its immunity under the Eleventh Amendment. Under the law prior to *Florida Prepaid*, waiver was either express or implied. Implied waiver occurred for example where a state engaged in interstate commerce that led to a federal suit, the state's intentional activity constituted an implied waiver of Eleventh Amendment immunity. The doctrine of implied waiver has, however, now been expressly overruled by the Supreme Court.[38]

Express waiver of immunity may be enacted by express state legislation, for example in exchange for receiving federal funds.[39] While Congress may choose to make such waiver a condition of a funding grant to a state, thereby attempting an "end run" around Eleventh Amendment immunity, this paper considers scenarios where no waiver has been agreed to. The requirement that such express waiver be clear and unambiguous is a reminder that the Eleventh Amendment grants immunity from federal jurisdiction, but does not destroy that jurisdiction's existence.

Further, the Eleventh Amendment applies only to federal jurisdiction and does not prevent plaintiffs from pursuing remedies in state courts under applicable state laws that grant such rights.[40] The availability of such state-law based remedies may indeed weigh against plaintiffs seeking to abrogate state sovereign immunity under the Eleventh Amendment.[41] The "Catch-22" for certain types of intellectual property, especially copyright, is that federal copyright law preempts state law.[42] When faced with infringements by a state entity where no state-law based contract claims

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[38] *See* College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd., 527 U.S. 666, 683 (1999), *overruling* Parden v. Terminal Ry. of Ala. State Docks Dep't, 377 U.S. 184, 233 (1964).

[39] *See* Atascadero State Hosp. v. Scanlon, 473 U.S. 234, 238 (1985):

> There are, however, certain well-established exceptions to the reach of the Eleventh Amendment. For example, if a State waives its immunity and consents to suit in federal court, the Eleventh Amendment does not bar the action. . . . A State may effectuate a waiver of its constitutional immunity by a state statute or constitutional provision, or by otherwise waiving its immunity to suit in the context of a particular federal program. In each of these situations, we require an unequivocal indication that the State intends to consent to federal jurisdiction that otherwise would be barred by the Eleventh Amendment.

[40] *But see* Alden v. Maine, 527 U.S. 706 (1999) (holding that the Eleventh Amendment also bars federal subject matter actions in state courts brought by citizens of that state, where the state has not consented to suit via legislation).

[41] *See* Chavez v. Arte Publico Press, 157 F.3d 282, 289 (5th Cir. 1998) (stating that "all signs point to the existence of a remedy against the states for breach of contracts involving copyrights in state court).

[42] *See* 17 U.S.C. § 301 (1994). Preemption with respect to other laws: "On and after January 1, 1978 . . . Thereafter, no person is entitled to any such right

can be brought, copyright holders who can only bring actions in federal court would have no recourse in state courts and no recourse in federal court.

As for the availability of injunctive relief, Eleventh Amendment immunity extends to all suits against a state whether for damages or injunctive relief.[43] The narrow exception is the Doctrine of *Ex Parte Young* which allows suit for prospective injunctive relief from continuing federal law violations against state officials, but not the state itself.[44]

The final threshold issue is that the defendant must come within the Eleventh Amendment by being an agency of, and substantially funded by the state.[45] Thus private educational institutions, and municipally funded institutions below the college level such as high schools, typically would not come within the doctrine of state sovereign immunity.[46]

C. *Synthesizing the Supreme Court's Eleventh Amendment Jurisprudence: A Separation of Powers Riddle*

Since the time of Justice Marshall and *Marbury v. Madison* in 1803, it has been the role of the Supreme Court to say what the Constitution means, and to judge whether legislative acts are constitutional.[47] While recent Supreme Court cases have emphatically found legislative acts that abrogate state sovereign immunity unconstitutional, the Court has nevertheless left behind a Sphinx-like riddle, an as yet untested formula for successful legislative abrogation. In this constitutional drama, Congress stands like Oedipus before the Sphinx on the road to Thebes, called upon to solve a riddle in several parts in future legislation.[48]

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or equivalent right in any such work under the common law or statutes of any State."

[43] *See* Seminole Tribe of Fla. v. Florida, 517 U.S. 44, 58 (1996) (holding that "the relief sought is irrelevant.").

[44] *See Ex Parte* Young, 209 U.S. 123 (1908). *But see Seminole Tribe*, 517 U.S. at 76 (stating that "The narrow exception to the Eleventh Amendment provided by the *Ex Parte Young* doctrine cannot be used [where] Congress enacted a remedial scheme . . . specifically designed for the enforcement of that right.").

[45] *See, e.g.*, Unix Sys. Labs., Inc. v. Berkeley Software Design, Inc., 832 F. Supp. 790, 798-99 (D.N.J. 1993) (noting that the Third Circuit has a nine factor test to determine whether a defendant is a state entity entitled to Eleventh Amendment immunity).

[46] *See* Alden v. Maine, 527 U.S. 706 (1999): "The immunity does not extend to suits prosecuted against a municipal corporation or other governmental entity which is not an arm of the state."

[47] *See* Marbury v. Madison, 5 U.S. (1 Cranch) 137 (1803).

[48] The riddle metaphor has origin-of-law implications worth a few words here. The legend is that while on the road to Thebes, Oedipus' way was barred by the half-woman half-lioness Sphinx, who was destroying the city by killing

To determine what the parts of the riddle are, and to solve it, we must first analyze, then synthesize several recent Supreme Court Eleventh Amendment decisions.

III. PIECING TOGETHER THE SUPREME COURT'S ELEVENTH AMENDMENT ABROGATION STANDARD: THE NEW FOUR-PART "FLORIDA TEST"

In a string of decisions from 1996 to 2001, the Supreme Court (and the closely following Fifth Circuit) "abrogated the abrogators" by striking down no less than six federal law provisions abrogating state sovereign immunity under the Eleventh Amendment. In this remarkable game of judicial and legislative cat and mouse, Congress writes increasingly specific abrogation legislation, only to have the court move the finish line further and further away. It's a bit like the *Peanuts* comic strip: the Supreme Court is Lucy holding the football, assuring Congress Charlie Brown that the ball will not budge in preparation for his running kick. At the last moment, the football vanishes and Charlie Brown winds up flat on his

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any young man of Thebes who could not answer her riddle. Through an inspired flash of insight, Oedipus solved the riddle, saved the city, became King, and married the widow queen. Oedipus' superior wits prove however to be "of no avail in dealing with the mysteries of the gods" as he ultimately discovers he has unwittingly murdered his father and married his mother. Oedipus' tribalistic killing, conquering, and procreation don't seem to trouble his mind much until he intellectually understands them to be forbidden. Viewed thus, *Oedipus* is as much about the birth of law in the western mind as it is about the consequences of guilt. *See* SOPHOCLES, OEDIPUS THE KING 18-19 n. 36 (Thomas Gould trans., Prentice-Hall 1970) [hereinafter SOPHOCLES/GOULD]. *See also* CECIL M. BOWRA, SOPHOCLEAN TRAGEDY 210 (1944). Though referred to but not directly stated in *Oedipus the King*, the Sphinx's riddle is:

> There exists on land a thing with two feet and four feet, with a single voice, that has three feet as well. It changes shape, alone among the things that move on land or in the air or down through the sea. Yet during the periods when it walks supported by the largest number of feet, then is the speed in its limbs the feeblest of all. *See* SOPHOCLES/GOULD at 19 n. 36.

Oedipus alone answers correctly "man," "who moves on all four limbs as an infant, on two feet in his prime, and with the aid of a stick in old age." *Id.* The allusion here to Greek drama is not entirely "off on a tangent." All three branches of the federal government do their work within Greek and Roman revival "temples" (the Supreme Court building; the United States Capitol; the White House) whose symbolic homage to classical civilization goes beyond mere architecture to evoke the political systems, philosophy, and drama of classical civilization.

back. "Good Grief!" What must Congress do to write abrogation legislation that will stay put?[49]

Let's briefly examine this string of cases to get a sense of a unique and fast moving separation of powers constitutional struggle.

A. *Factor One: Express Intent to Abrogate in* Atascadero State Hospital v. Scanlon

Although the 1985 Supreme Court holding in *Atascadero State Hospital*[50] was separated by almost fifteen years from the more recent "Florida" cases, Atascadero's holding that Congress must expressly declare its intent in abrogation legislation loomed large over Congress, and remains a bedrock of Eleventh Amendment jurisprudence.

Atascadero involved a claim against the State of California under a provision in the Rehabilitation Act that purportedly abrogated state sovereign immunity for such suits. The Supreme Court found the text of the Rehabilitation Act's abrogation provisions lacking because Congress did not make its intention "unmistakably clear in the language of the statute."[51] The rationale was based on the federal/state balance of power:

> Congress' power to abrogate a State's immunity means that in certain circumstances the usual constitutional balance between the States and the Federal Government does not obtain . . . In view of this fact, it is incumbent upon the federal courts to be certain of Congress' intent before finding that federal law overrides the guarantees of the Eleventh Amendment. The require-

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[49] Judge Easterbrook of the Seventh Circuit would also appear to disagree with the "Florida" cases, especially their *de facto* retroactive effect on prior legislation. *See* Board of Educ. of Oak Park and River Forest High Sch. Dist. No. 200 v. Illinois State Bd. of Ed., 207 F.3d 931 (7th Cir. 1999):

> Congress did what it could to ensure that states participating in the IDEA are amenable to suit in federal court. That the power comes from the spending clause rather than . . . the commerce clause or the Fourteenth Amendment is not relevant to the issue whether the national government possesses the asserted authority. *Otherwise we require the legislature to play games ("guess which clause the judiciary will think most appropriate").* What matters, or at least should matter, is the extent of national power, rather than the extent of legislative prevision. Thus we hold that states must take the bitter with the sweet; having accepted the money, they must litigate in federal court." *Id.* at 935 (emphasis added).

For stinging academic criticism of the Supreme Court's Eleventh Amendment jurisprudence, see James G. Wilson, *The Eleventh Amendment Cases: Going "Too Far" with Judicial Neofederalism*, 33 LOY. L.A. L. REV. 1687 (2000) (stating that the Eleventh Amendment decisions "stri[p] all Americans of numerous constitutional and statutory rights." *Id.* at 1718.

[50] *See* Atascadero State Hospital v. Scanlon, 473 U.S. 234 (1985).

[51] *Id.* at 242.

> ment that Congress unequivocally express this intention in the statutory language ensures such certainty.[52]

The impact of *Atascadero* is further evidenced by the congressional reaction. The Copyright Remedy Clarification Act (CRCA), later codified under several sections of the Copyright Act including § 511, was expressly passed in order to comply with the *Atascadero* rule,[53] stating that:

> While *Atascadero* was not a copyright case, a number of circuits have applied its reasoning to the copyright law in deciding that sovereign immunity bars plaintiffs in copyright infringement suits from recovering money damages from State defendants. As the Ninth Circuit wrote in *BV Engineering v. UCLA*:
> "[W]e are constrained by the Supreme Court's mandate that we find an abrogation of Eleventh Amendment immunity only when Congress has included in the statute unequivocal and specific language indicating an intent to subject states to suit in federal court. Such language is absent from the Copyright Act of 1976. We recognize that our holding will allow states to violate the federal copyright laws with virtual impunity. It is for Congress, however, to remedy this problem."
> The purpose of H.R. 3045, therefore, is to amend title 17 to clearly and explicitly abrogate State sovereign immunity to permit the recovery of money damages against states.[54]

Although the drafters of the CRCA did not know it in 1989, by 2000 their work would be nullified by the Fifth Circuit because the Supreme Court had in the intervening years added three more "Florida" factors to the test that determines whether legislation can successfully abrogate state sovereign immunity.

B. *Factor Two: Article I Powers are not Sufficient for Abrogation:* Seminole Tribe

In 1996, the Seminole Tribe sued the State of Florida in federal court because the state would not negotiate around the refusal of certain gambling casino licenses. The Tribe invoked provisions in the Indian Gaming Regulatory Act specifically abrogating state immunity against such suits. *Seminole Tribe v. Florida* struck down those abrogation provisions in the Indian Gaming Regulatory Act, holding that Congress' Article I powers (here under the Indian Commerce Clause[55]) are not sufficient to "alter the

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[52] *Id.* at 242-43.
[53] *See* House Report, *supra* note 3.
[54] *Id.* at 3.
[55] *See* U.S. CONST. art. I, § 8: "The Congress shall have Power . . . To regulate Commerce . . . with the Indian Tribes."

pre-existing balance between state and federal power achieved by Article III and the Eleventh Amendment."[56]

The court further outlines its standards for acceptable statutory construction by referring to two tests. First is the *Atascadero* test, whether Congress "unequivocally expresse[d] its intent to abrogate the immunity."[57] Second is whether Congress has acted "pursuant to a valid exercise of power."[58] While finding that the statute was an unequivocal expression of congressional intent, the court found that the Indian Commerce Clause of Article I did not constitute a valid exercise of power sufficient to shift the balance of power between state and federal governments.

C. *Factor Three: Narrowly Tailored Due Process Remedies under the Fourteenth Amendment are Sufficient for Abrogation:* Boerne v. Flores

While *Seminole* was a landmark Eleventh Amendment separation of powers case that substantively curtailed congressional power to legislate, it left open the question of what constitutional power is sufficient to overcome the state's rights assumption inherent in the Eleventh Amendment. The answer came in 1997 via Fourteenth Amendment due process rights, in a case that, while it did not deal specifically with the Eleventh Amendment, set the standard for "valid exercise of power" the court would follow in later Eleventh Amendment cases.

That case was *City of Boerne v. Flores*, and it stands for the proposition that Section 5 of the Fourteenth Amendment is the Due Process gateway to legislation that validly alters the balance of power between the federal and state governments, by enforcing due process rights. *Boerne's* significance for later Eleventh Amendment cases was that it used a Due Process strict scrutiny standard of review. This *Boerne*-derived strict scrutiny was the engine that drove the Supreme Court's subsequent invalidation of several abrogation statutes.

In *Boerne*, a church in Texas cited the federal Religious Freedom Restoration Act as authority to challenge a local zoning ordinance.[59] Section 5 of the Fourteenth Amendment says that "congress shall have power to

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[56] *See* Seminole Tribe of Fla. v. Florida, 517 U.S. 44, 66 (1996).

[57] *See id.* at 55, quoting Green v. Mansour, 474 U.S. 64, 68 (1985). *See also* Atascadero State Hosp. v. Scanlon, 473 U.S. 234 (1985) (holding that "in determining whether Congress in exercising its Fourteenth Amendment powers has abrogated the States' Eleventh Amendment immunity, we have required "an unequivocal expression of congressional intent to 'overturn the constitutionally guaranteed immunity of the several States.'"). *Id.* at 240, quoting from Pennhurst St. School & Hosp. v. Halderman (Pennhurst II), 465 U.S. 89, 99 (1984), quoting Quern v. Jordan, 440 U.S. 332, 342 (1979).

[58] *Id.*

[59] City of Boerne v. Flores, 521 U.S. 507 (1997).

enforce, by appropriate legislation, the provisions of this article."[60] The court framed the issue as:

> [W]hether RFRA is a proper exercise of Congress' §5 power "to enforce" by appropriate legislation" the constitutional guarantee that no State shall deprive any person of "life, liberty, or property, without due process of law" nor deny any person "equal protection of the laws."[61]

This Enforcement Clause does not grant a broad general power to shift the state/federal balance of power towards the federal government, but a specific remedial one: Congress may, with specificity, enact legislation to correct a due process violation by a state. But that legislation must be narrowly tailored and demonstrate a "congruence between the means used and the ends to be achieved."[62] The legislation must be proportionate, and not overly broad.[63]

In *Seminole Tribe*, Congress lost its power to abrogate state immunity based on its Article I powers. But in *Boerne*, the Court put Congress on notice that the Fourteenth Amendment's Enforcement Clause, when accompanied by narrowly tailored legislation that proportionally remedied a due process violation, could potentially abrogate state sovereign immunity under the Eleventh Amendment.

D. *Factor Four: An Evidentiary Requirement to Demonstrate Deprivation of Constitutional Rights:* Florida Prepaid v. College Savings Bank

Presumably by happenstance, several important Eleventh Amendment Supreme Court cases in recent years originated in Florida. Two years after *Seminole Tribe v. Florida*, and one year before *Kimel v. Florida Board of Regents*,[64] two further "Florida" cases arose, both based on one intellectual property infringement action between the same parties: a private company called College Savings Bank, and a Florida state entity called Florida Prepaid Postsecondary Education Expense Board.

These companion cases were decided on the same day. One case was based on abrogation legislation under the Lanham Act and has a majority opinion by Justice Scalia. The other is based on abrogation legislation under Patent Law and has a majority opinion by Chief Justice Rehnquist. We will call the Lanham Act case *College Savings* because that party is cited first as the petitioner. We will call the Patent law case *Florida Pre-*

60 U.S. CONST. amend. XIV, § 5.
61 *See Boerne*, 521 U.S. at 517.
62 *Id.* at 530.
63 *Id.* at 533.
64 528 U.S. 62 (2000).

paid because in that companion case, Florida Prepaid is the petitioner and is cited first.

College Savings Bank was a New Jersey entity that alleged that Florida Prepaid, a state entity, infringed their patent on a college savings plan,[65] and engaged in false advertising and unfair competition under the Lanham Act.[66] The claim against the State of Florida was made pursuant to legislation that specifically abrogated state sovereign immunity: The Patent and Plant Variety Protection Remedy Clarification Act,[67] and the Trademark Remedy Clarification Act.[68] The court's task was to apply the standards of *Atascadero*, *Seminole Tribe* and *Boerne*: first, did Congress expressly abrogate Eleventh Amendment immunity; second, did Congress act pursuant to a valid exercise of power under Section 5, the Enforcement Clause, of the Fourteenth Amendment's due process rights; third, did the legislation demonstrate congruence and proportionality between its ends and its means.

In *Florida Prepaid*, Chief Justice Rehnquist focused on whether Congress had in fact identified "conduct transgressing the Fourteenth Amendment's substantive provisions," and had "tailor[ed] its legislative scheme to remedying or preventing such conduct."[69] The Court found, however, that Congress "came up with little evidence of infringing conduct on the part of the States."[70] This requirement of evidence in support of narrowly tailored legislative drafting was the new wrinkle in the Florida cases. As Chief Justice Rehnquist explained:

> The legislative record thus suggests that the Patent Remedy Act does not respond to a history of "widespread and persisting deprivation of constitutional rights" of the sort Congress has faced in enacting proper prophylactic § 5 legislation. Instead, Congress appears to have enacted this legislation in response to a handful of instances of state patent infringement that do not necessarily violate the Constitution.[71]

In addition to finding fault with congressional fact-finding, the Court felt the legislation was overly broad and did not meet the proportionality test of *Boerne*:

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[65] *See generally Florida Prepaid.*

[66] *See generally College Savings.*

[67] 35 U.S.C. §§ 271(h), 296(a) (1994).

[68] 106 Stat. 3567 (1992).

[69] Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank, 527 U.S. 627, 639 (1999).

[70] *Id.* at 640.

[71] *Id.* at 645-46.

> Congress did nothing to limit the coverage of the Act to cases involving arguable constitutional violations, such as where a State refuses to offer any state-court remedy for patent owners whose patents it had infringed. Nor did it make any attempt to confine the reach of the Act by limiting the remedy to certain types of infringement, such as nonnegligent infringement or infringement authorized pursuant to state policy; or providing for suits only against States with questionable remedies or a high incidence of infringement. . . . Instead, Congress made all States immediately amenable to suit in federal court for all kinds of possible patent infringement and for an indefinite duration.[72]

Thus in *Florida Prepaid*, the Court raises the bar on what is required for effective abrogation legislation to include hard evidence of constitutional deprivation; limitation in drafting to certain types of acts; and limitation to States with inadequate remedies or where evidence shows high incidences of deprivation of constitutional rights.

In the companion Lanham Act case *College Savings*, Justice Scalia took a shorter route to finding for the state by holding that the unfair competition claims at issue were not "property" that came within the due process protections of the Fourteenth Amendment.[73] However, because the plaintiff argued that, by engaging in interstate commerce, Florida impliedly waived its Eleventh Amendment rights to sovereign immunity, the Court took the opportunity to expressly overrule the doctrine of constructive or implied waiver.[74]

E. The Four "Florida Factors" Applied: Kimel v. Florida Board of Regents and University of Alabama v. Garrett

To review our ever-shifting goalposts, the Supreme Court has now settled into a test for abrogation legislation that has four components, including express abrogation; no use of Article I powers; Fourteenth Amendment due process enforcement via narrowly tailored drafting; and compelling evidence of constitutional deprivations. First, express abrogation language in the statute, for example "The state shall be liable notwithstanding the Eleventh Amendment." Second, Article I powers are not sufficient to alter the federal/state balance of power. Third, proportionality of means with ends in the form of narrowly tailored drafting and limited remedies that would survive a strict scrutiny standard of review. Fourth, evidence and fact-finding in the legislative record showing widespread and persistent deprivation of constitutional rights in the form of Fourteenth

[72] *Id.* at 646-47.
[73] *See College Savings*, 527 U.S. at 675.
[74] *Id.* at 680.

Amendment due process violations. We will call this the four "Florida" factors required for effective abrogation legislation.

With the new standards in place, cases decided in 2000 and 2001 make for relatively straight-forward analysis under the new four-part "Florida" test. Gone are the knotty judicial separation of powers struggles of *Seminole Tribe* showing the legislative limitations of Article I, and the linchpin case *Boerne* which demonstrated the role of Fourteenth Amendment due process rights in "trumping" the Eleventh Amendment and altering the federal/state balance of power. Now we have the smoothness of an established, if recent, four-part test.

Kimel v. Florida Board of Regents found that the Age Discrimination in Employment Act did not abrogate state immunity. The relevant abrogation clauses were sufficiently express, however the legislation failed the evidentiary component, relying on anecdotal evidence and newspaper reports that did not reveal a "widespread pattern" of constitutional deprivation.[75] The component of narrowly-tailored drafting was also found wanting by Justice O'Connor, with the *Boerne* requirement that Eleventh Amendment abrogation legislation show "congruence and proportionality"[76] rising to the level of a judicial mantra.

Abrogation provisions in the Americans with Disabilities Act suffered a similar fate in *Board of Trustees of the University of Alabama v. Garrett*, decided in February 2001.[77] Chief Justice Rehnquist focused on the evidentiary component, finding that despite the large numbers of disabled Americans, Congress had assembled only "minimal evidence of unconstitutional state discrimination in employment against the disabled."[78]

IV. COPYRIGHT IN THE CROSSHAIRS: CHAVEZ V. ARTE PUBLICO PRESS *AND THE DEMISE OF THE COPYRIGHT REMEDY CLARIFICATION ACT*

In his dissent in *Florida Prepaid*, Justice Stevens expressed his concern over the amount of intellectual property infringement that could occur at state-supported colleges and universities, institutions that might be proper targets of abrogation legislation.[79] He even opined that an abroga-

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[75] *See* Kimel v. Florida Bd. of Regents, 528 U.S. 62, 81 (2000).

[76] *Id.* at 82.

[77] *See* Board of Trs. of the University of Ala. v. Garrett, 531 U.S. 356 (2001).

[78] *Id.*

[79] *See* Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank, 527 U.S. 627, 656-57 (1999) (Stevens, J., dissenting):

> Congress found that state infringement of patents was likely to increase . . . States and their instrumentalities, especially state universities, have been involved in many patent cases since 1992 . . . States and their instrumentalities are heavily involved in the federal patent system. The United

tion provision in the Copyright Act, the Copyright Remedy Clarification Act of 1990, "may be considered appropriate legislation" even under the Court's new "Florida" tests.[80]

It was not to be. No Eleventh Amendment abrogation legislation written prior to the Supreme Court's "Florida" test ca. 2000 would survive.

Chavez v. Arte Publico Press[81] was a copyright infringement case against the book publishing arm of the University of Houston, a state university. Because it came after the Florida cases and involved the carefully crafted Copyright Remedy Clarification Act, the case generated strong interest in the legal community as a test of available remedies in the context of rampant intellectual property rights infringement in state-supported universities. The list of *Amici Curiae* was long, and included leading organizations representing copyright holders whose works could be infringed by state institutions such as universities: the Association of American Publishers; The Authors Guild; the National Music Publishers Association; the American Society of Journalists and Authors; the American Society of Media Photographers; the American Society of Composers, Authors, and Publishers (ASCAP); Broadcast Music Inc. (BMI); the Motion Picture Association of America; the Recording Industry Association of America; Reed Elsevier, Inc.; Time Warner, Inc.; the Software Publishers Association, and others.[82]

Chavez had a long procedural history, including a Fifth Circuit judgment for the plaintiff subsequently vacated by the Supreme Court and remanded back to the Fifth Circuit for re-consideration in light of the "Florida" cases.[83] The plaintiff alleged that the book publishing company Arte Publico Press run by the University of Houston, a state-supported institution, infringed her copyright by publishing her book without consent. The plaintiff cited the Copyright Remedy Clarification Act (CRCA)[84] which had been enacted by Congress to expressly abrogate state immunity to copyright infringement suits under the Eleventh

States Patent and Trademark Office issued more than 2,000 patents to universities (both public and private) in 1986 alone. *Id.* at 656-57.

[80] *Id.* at 659.

[81] 204 F.3d 601 (5th Cir. 2000).

[82] *Id.* at 601.

[83] *See* Chavez v. Arte Publico Press, 59 F.3d 539 (5th Cir. 1995), *cert. granted, judgment vacated*, University of Houston, Texas v. Chavez, 517 U.S. 1184 (1996), *on remand*, Chavez v. Arte Publico Press, 139 F.3d 504 (5th Cir. 1998), *opinion revised and superseded*, Chavez v. Arte Publico Press, 157 F.3d 282 (5th Cir.1998), *on rehearing en banc*, Chavez v. Arte Publico Press, 180 F.3d 674 (5th Cir.1999), *on remand*, Chavez v. Arte Publico Press, 204 F.3d 601 (5th Cir. 2000).

[84] *See* the Copyright Remedy Clarification Act of 1990, 104 Stat. 2749, P.L. 101-553 (H.R. 3045), codified as 17 U.S.C. §§ 501(a), 511, 910, 911 (1994).

Amendment, per *Atascadero*. The defendant's successful motion to dismiss argued that the CRCA did not meet the Supreme Court's subsequent "Florida" test and was therefore unconstitutional.

What must have been frustrating for legislators is the fact that the CRCA was their meticulous attempt to craft a statute that would abrogate state immunity in copyright infringement suits. The House report[85] sets forth the origin of the CRCA in *Atascadero State Hospital v. Scanlon*,[86] the 1985 Supreme Court decision that lies behind the first part of the "Florida" test, holding that congressional intent to abrogate the Eleventh Amendment must be expressly stated. Because courts applied the *Atascadero* standard to copyright infringement actions against states, Congress amended the Copyright Act with the express language found in the CRCA.

The House report further details studies, testimony, and expert opinions as to the extent of copyright infringement by States and the need for damages beyond injunctive relief.[87] The report further outlines the policy that "it would be anomalous and unjustified for State educational institutions to be exempt from certain remedies, while private institutions are not."[88]

Unfortunately, the CRCA was designed to address the Supreme Court's legislative abrogation standards ca. 1985 in *Atascadero*. As we have seen however, the goalposts have since shifted to require the four-part "Florida" test ca. 2000, and *Atascadero* covered only the express intent test.

How then to "save" copyright law's need for abrogation of state immunity so thoroughly presented in the House report for the Copyright Remedy Clarification Act? The answer proposed here is to now meet the third and fourth "Florida" tests: narrowly tailored legislative drafting that demonstrates congruence and proportionality between the means used and the ends achieved, and evidence of constitutional deprivation sufficient to come within Fourteenth Amendment due process rights.

Ironically, the answer lies in the greatest mass infringement case in history: *Napster*.[89]

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[85] *See* House Report, *supra* note 3, at 5.

[86] 473 U.S. 234 (1985).

[87] *See* House Report, *supra* note 3.

[88] *Id.* at 9.

[89] A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004 (9th Cir. 2001) [hereinafter *Napster III*].

V. A&M RECORDS V. NAPSTER: *THE ELEVENTH AMENDMENT CONNECTION*

A. *Liability for Contributory and Vicarious Infringement*

Napster was about who shares the liability for copyright infringement by individual users on the Internet. If an entity, with knowledge, induces or causes the infringement via software and/or networking services, contributory infringement occurs.[90] If an entity has the right to control that activity and profits from it, vicarious copyright infringement occurs in a theory similar to the doctrine of *respondeat superior*.[91] The thesis of this paper is that, even in a post-Napster world, state college supported computer networks and Internet service providers may have Napster-like contributory and vicarious liability for direct infringement on college campuses.

Napster was a big case. Like the *Chavez* case deciding the fate of the Copyright Remedy Clarification Act, *Napster's* importance to the copyright bar was signaled by a long and impressive list of *Amici Curiae* that occupies almost two pages of the opinion.[92] For much of 2000 and 2001, it dominated international entertainment and legal news as over fifty million online Napster users traded billions of unlicensed copyrighted sound recording files in the compressed MP3 codec.[93] *Napster* was compelling because it was about a heady combination of forbidden fruit and high technology. Napster use at the time of the District Court action was up to 10,000 file downloads and uploads per second worldwide.[94] For generation Y2K,[95] Napster was their version of the pop-revolution 1960s: if not free love, then free music.

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[90] *See* Gershwin Publ'g Corp. v. Columbia Artists Mgmt., Inc., 443 F.2d 1159, 1162 (2d Cir. 1971) (stating that "one who, with knowledge of the infringing activity, induces, causes or materially contributes to the infringing conduct of another, may be held liable as a 'contributory infringer'").

[91] *Id.* at 1162 (stating vicarious liability exists where an entity "has the right and ability to supervise the infringing activity and also has a direct financial interest in such activities."). *See also* Fonovisa, Inc. v. Cherry Auction, Inc., 76 F.3d 259, 261-62 (9th Cir. 1996) (stating that "[t]he concept of vicarious copyright liability was developed in the Second Circuit as an outgrowth of the agency principles of respondeat superior").

[92] *See Napster III*, 239 F.3d at 1009-10.

[93] A "codec" is a compression/decompression scheme that shrinks the size of computer files, and in the case of sound recording files has a negligible impact on sound quality. MP3 format files are popular on the Internet because they sound good and are smaller than conventional computerized music files, thus take less time to transmit from user to user.

[94] *See Napster III*, 239 F.3d at 1025 (quoting from the District Court opinion, 114 F. Supp. 2d at 926).

[95] "Generation Y2K" is a moniker for those who came of age circa Year 2000.

As of this writing, *A&M Records v. Napster* awaits a trial date. However, the preliminary findings of infringement and the injunctive relief ordered by the courts effectively ended the "anything goes" Napster era of centralized free-of-charge sound recording file trading on the Internet. Even Napster Inc. announced plans to charge members for the formerly free service, and to screen out popular though unlicensed sound recording files in compliance with the court's injunction.[96]

Post-*Napster*, arguments that the Internet represented a new era where "information wants to be free" rang increasingly hollow. The Ninth Circuit announced that Internet file trading without the copyright holder's permission is a direct infringement by individual users, and companies like Napster that facilitated with knowledge were liable for contributory and vicarious infringement.[97] Ironically, the Ninth Circuit's finding of fact that many of those users are on college campuses is the binding tie that may yet save a significant portion of § 511's abrogation of state immunity under copyright.

As to contributory liability, the Ninth Circuit held that:

> Napster has actual knowledge that specific infringing material is available using its system, that it could block access to the system by suppliers of the infringing material, and that it failed to remove the material.[98]

As to vicarious liability, the court held that Napster's failure to police the system's "premises," combined with a showing that Napster financially benefits from the continuing availability of infringing files on its system, leads to the imposition of vicarious liability.[99]

B. Actions Against Colleges for Napster-like Infringement

Suits against universities for contributory and vicarious infringement arising from their computer networks arose early in the Napster story. Their legitimacy is evidenced by reports that prominent private colleges,

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[96] *See Napster to Voluntarily Halt Song Trades*, CNET News.com, *available at* http://cnet.com/news/0-1005-200-5005980.html?tag=st.cn.1.lthd (visited March 31, 2001). *See also* Salon.com, Revenge of the file-sharing masses!, *available at* http://www.salon.com/tech/col/rose/2001/07/20/napster_diaspora/index.html (last visited July 20, 2001) (stating that "[t]he idea of sharing music files now belongs to dozens of companies, independent developers and fans, who will carry on with it regardless of the fate of Napster, Inc.").

[97] *Napster III*, 239 F.3d at 1014: "Napster users who upload file names to the search index for others to copy violate plaintiffs' distribution rights. Napster users who download files containing copyrighted music violate plaintiffs' reproduction rights."

[98] *See Napster III*, 239 F.3d at 1022.

[99] *Id.* at 1024.

including Yale University, took the threat of such suits seriously enough to ban Napster.[100] Among the infringement lawsuits filed against Napster were actions by musicians Metallica and Dr. Dre that also named three colleges as defendants: the University of Southern California, Yale University, and Indiana University. All three were reportedly dropped as defendants after they banned Napster.[101] Letters were also sent to other colleges asking them to ban Napster from college computer networks on ethical grounds, including the University of Virginia, Harvard, Princeton, UCLA,[102] UC Berkeley, the Massachusetts Institute of Technology, and Stanford University.[103] The press has also noted that high-speed Internet access has become a profitable "selling point" at many colleges, a factor that would point towards vicarious infringement liability.[104] Further ammunition to argue for effective Eleventh Amendment abrogation under copyright is the inequity of allowing such suits against private colleges, while such infringement remains without remedy in state-supported schools.[105]

Online monitoring of infringement on college computer networks is carried out by the Recording Industry Association of America (RIAA), a trade organization representing copyright holders in sound recordings. That effort resulted in over five hundred notices of contributory infringe-

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100 *See Virginia Refuses to Bar Napster at State Universities*, WASH. TIMES (D.C.), Oct. 23, 2000, at D13 (noting a study by the Gartner Group that 34% of leading universities banned Napster, including Yale, Northwestern, Notre Dame, Kent State, New York University, Arizona State, Oregon State, and the University of Texas). *Id.*

101 *See New Call to Ban Napster on Campus*, S.F. CHRON, Sept. 9, 2000, at D1.

102 Because the letters were reportedly a plea for banning Napster on ethical grounds, the issue of whether state institutions such as UCLA and UC Berkeley were amenable to suit were not involved. *See U. Colorado Joins List of those Targeted by Napster Opponents*, U-WIRE, Sept. 28, 2000, 2000 WL 26935855 (quoting attorney Howard King that "We chose a geographical cross-section from the 65 percent of the top 50 universities in the nation who have not yet banned Napster").

103 *Id. See also Princeton Asked to Shut Down Napster Access*, U-WIRE, Sept. 15, 2000, 2000 WL 26933738.

104 *See Wait Problem: Students' High-Speed Internet Access Slows to a Crawl Then They Come Home From College*, SAN DIEGO UNION & TRIB., Mar. 13, 2001, at E1 (reporting that "High-speed access is so important to students that it has become a selling point. High schoolers increasingly consider computing capacity a factor in choosing a college").

105 *See* Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank, 527 U.S. 627, 664 n. 14 (1999) (Stevens, J., dissenting) (noting in the context of patent infringement that state immunity "leaves the protection afforded to patent and trademark holders dependant on the status of the infringing party.").

ment under the Digital Millennium Copyright Act sent to colleges for acts by individual network users.[106]

C. *Possible Defenses*

Should Congress successfully abrogate state immunity for copyright claims based on digital infringements, possible defenses bear examination. Under the facts of *Napster*, defenses of copyright fair use; First Amendment freedom of speech; and "safe harbor" under the Digital Millennium Copyright Act did not fare well. First, the Ninth Circuit found that the direct infringement by Napster users did not come within the Copyright Act's § 107 fair use factors.[107] Next, the court noted that in balancing "First Amendment concerns with the right of copyright holders,"[108] "First Amendment concerns in copyright are allayed by the presence of the fair use doctrine."[109] In other words, the fair use doctrine provides users with sufficient First Amendment rights. But if the use is not fair under copyright, then the defendant cannot plead the First Amendment as a defense.

Finally, while the Digital Millennium Copyright Act was designed in part to provide a "safe harbor" for Internet service providers whose systems unknowingly transmit infringing material, the court noted "significant questions under this statute" relating to what kind of Internet service qualifies under the DMCA protections, and what those standards are for finding the service provider has knowledge of the infringing activity. If infringements by users take place with knowledge of the service provider, the safe harbors do not apply.[110]

Viewed together, the *Napster* precedents of contributory and vicarious infringement claims against private colleges indicates that suits against

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[106] *See RIAA Not Shy About Playing Piracy Cop*, THE INDUSTRY STANDARD, May 11, 2001, *available at* http://www.law.com/chi-bin/gx.cgi/AppLo. . . mmary=0&useoverridetemplate=zzZHCC0Q95C (last visited May 11, 2001) (confirming the extent of piracy on college computer networks as monitored by a trade industry organization representing copyright holders in sound recordings):

> The RIAA reported Wednesday that it sent out 10,065 notices last year regarding alleged violations of the Digital Millennium Copyright Act on commercial and university sites . . . the RIAA actually sent fewer notices about online piracy to universities — 507 in 2000 compared with 602 in 1999. Creighton said the drop is the result of the RIAA's Soundbyting Campaign, a pilot program started in 1998 to raise awareness at universities that distributing music illegally is akin to stealing. *Id.*

[107] *Napster III*, 239 F.3d at 1017 (stating that "Judge Patel [of the District Court for the Northern District of California] did not abuse her discretion in reaching the above fair use conclusions.").

[108] *Id.* at 1028.

[109] *Id.*

[110] *Id.* at 1025.

state-supported colleges would be valid causes of action for similar Napster-like mass infringements should Congress successfully abrogate state sovereign immunity under § 511 of the Copyright Act.

VI. USING NAPSTER *TO MEET THE SUPREME COURT'S "FLORIDA" TEST: A PROPOSAL TO AMEND SECTION 511 OF THE COPYRIGHT ACT*

We have seen that the Supreme Court's standards for valid legislative abrogation of state sovereign immunity was a moving target that now appears to have settled into place. Of the four prongs in the court's new "Florida" test, Congress met the express intent requirement of the first prong in the language of the Copyright Remedy Clarification Act.[111] However, Congress must now amend § 511 to make it clear that the Article I test is met and § 511 is not based on the Article I Copyright Clause. To do this, Congress must meet the evidentiary test by showing "massive constitutional violations that have prompted proper remedial legislation,"[112] violations that invoke legislative powers under Section 5 of the Fourteenth Amendment. Only then can Congress draft an amended version of the legislation, in a manner that is congruent and proportional, and that can withstand the court's strict scrutiny level of review in legislation that presumes to alter the constitutional balance of power between the federal and state governments.

A. Findings of Massive Constitutional Violations

Evidentiary standards in service to legislation are a controversy in themselves. In her article *The Politics of Facts: "The Illusion of Certainty,"*[113] Wendy M. Rogovin astutely examines the levels of empirical evidence used by legislatures. In establishing a theory of how facts links legislation's means and ends, Rogovin classifies and analyzes legislative facts into categories including political vs. scientific facts; formal vs. informal facts; facts from court and counsel; etc. She points out that some leg-

111 *See* Chavez v. Arte Publico Press, 204 F.3d 601, 603 (5th Cir. 2000) (stating that "Congress amended both the Lanham Act and the Copyright Act and explicitly required states to submit to suit in federal court for violation of their provisions; thus, the express statement requirement is fulfilled. The remaining question, to be considered in the light of *College Savings, Florida Prepaid*, and *Kimel* . . . is whether Congress had authority to abrogate state sovereign immunity in the Acts.") *Id.* (citations omitted).

112 *See Chavez*, 204 F.3d at 607.

113 *See* Wendy M. Rogovin, *The Politics of Facts: 'The Illusion of Certainty,'* 46 HASTINGS L.J. 1723 (1995) (stating that "the specific call by the judiciary for empirical data in support of federal legislation profoundly affects the processes by which Congress legislates and the judiciary reviews congressional legislation."). *Id.* at 1726.

islative fact-finding such as hearings, can be viewed as orchestrated events presenting opinions of interested parties purporting to be facts, or "lobbyists' facts." Therefore legislative history is viewed by some commentators as a suspect method of determining whether legislation is sufficiently supported by empirical evidence.

In fact, none other than Justice Scalia has gone on record as questioning the legislative history created in part by reports written by congressional staffers: "What a heady feeling it must be for a young staffer, to know that his or her citation of obscure district court cases can transform them into the law of the land."[114]

So what is the standard of "facts" that sufficiently meets the evidentiary prong of the "Florida" test and proves deprivation of a constitutional right sufficient to invoke due process powers under the Fourteenth Amendment, which in turn are sufficient to shift the federal /state balance of power and abrogate state sovereign immunity?

It is this author's contention that the judicially noticed facts of *Napster* meet that standard, and that in the post-Napster era, equally compelling (though less centralized) evidence of similar online infringements will continue to arise. To show that massive copyright infringement is taking place on college campuses, and could again in the post-Napster era, Congress need not only rely on numerous newspaper reports of clogged computer networks in dormitories caused by Napster use by students,[115] or on

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[114] *See* Blanchard v. Bergeron, 489 U.S. 87, 99 (1989), *quoted in* Arthur Stock Note, *Justice Scalia's Use of Sources in Statutory and Constitutional Interpretation: How Congress Always Loses*, 1990 DUKE L.J. 160, 163 (further quoting Justice Scalia:

> I am confident that only a small proportion of the Members of Congress read either one of the Committee Reports in question, even if (as is not always the case) the Reports happened to have been published before the vote; that very few of those who did read them set off for the nearest law library to check out what was actually said in the four cases at issue . . ."), 489 US at 98, *quoted in* 1990 DUKE L.J. 163 n. 12.

[115] *See Music CD Sales Suffer in Stores Near 'Wired' Colleges, Study Says*, WALL ST. J., June 13, 2000, at A4 (citing a study that "more than 70% of college students surveyed used Napster at least once a month."). *See also Colleges Bar Music-Trading Software*, AUSTIN AM.-STATESMAN, Mar. 3, 2000, at D9 ("making the Napster siege even less acceptable . . . was knowing that many of the music files being traded are copyrighted. There is little dispute among administrators or students that of the million or so songs available on Napster at any given time, most are pirated, illegitimate copies that are illegal to distribute."). *See also Download Discord, Universities are Frustrated as Students Overwhelm Lines to Access Digital Music Files*, S.F. CHRON., Mar. 3, 2000, at A1 (reporting that more than 100 institutions have blocked access to Napster, and quoting student as saying "I haven't bought a CD since I got to Cal."). *See also Third of US Colleges Block Out Napster*, BOSTON GLOBE, Aug. 31, 2000, at C6 (finding that thirty-four out of fifty

mind-numbing out-of-context number crunching. Congress may turn to the studies and judicial opinions which have become part of the *Napster* judicial record.

For example, the District Court for the Northern District of California issued a Memorandum and Order re Admissibility of Expert Reports, finding after close analysis that the plaintiff's studies and reports concerning copyright infringement on college campuses[116] used sound methodology, while noting that it would ultimately be up to a jury to decide how much weight to afford the expert's surveys and conclusions.[117]

These same plaintiff studies underwent further judicial scrutiny by the Ninth Circuit during that court's ruling on Napster's motion to stay the injunction ordered by the District Court.[118] The court noted the district court's conclusion that "Napster . . . reduces audio CD sales among college students,"[119] and noted that the district court "examined each report, finding some more appropriate and probative than others."[120] The Ninth Circuit's discussion of the surveys and reports noted "evidence of lost sales attributable to college use to be probative of irreparable harm";[121] and "loss of 'album' sales within college markets."[122] The Ninth Circuit went on to conclude that the district court made "sound findings" that "Napster use harms the market for plaintiffs' copyrighted musical compositions and sound recordings by reducing CD sales among college students."[123]

To lend further force to the weight of these facts in service to demonstrating deprivation of a constitutional right (here the exclusive rights under the Article I Copyright Clause), the Seventh Circuit has noted that "In assessing whether Congress has identified unconstitutional conduct,

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colleges surveyed block access to Napster because of excessive student use). *See also UC Turns Deaf Ear to Plea for Napster Ban*, S.F. CHRON., Sept. 23, 2000, at D2.

116 *Napster* was not an Eleventh Amendment case, thus the studies on copyright infringement on college campuses did not necessarily focus on state-supported colleges. Those statistics would have to be separated out for future use in abrogation legislation.

117 *See* A&M Records v. Napster, 2000 WL 1170106 (N.D.Cal. Aug. 10, 2000) (overruling defendant's objections as to the qualifications of the expert witnesses and the methodology in their several reports) [hereinafter *Napster II*].

118 *Napster III*, 239 F.3d at1016.

119 *Id.* at 1016.

120 *Id.*

121 *Id.*, quoting from *Napster II*.

122 *Id.* at 1016-17, quoting from a study by Michael Fine, CEO of Soundscan.

123 *Id.* at 1017.

courts look at judicial opinions, not the pronouncements of Congress."[124] Taken together, the original studies and their scrutiny and endorsement in judicial opinions leads to the conclusion that the Napster cases can assist Congress in demonstrating "a significant pattern of state infringements."[125]

In addition to the availability of judicially endorsed evidence of copyright infringement on state college campuses, Congress has taken a proactive stance to the "Florida" cases by engaging in its own survey of copyright infringement. The Survey of State Colleges and Universities on the Issue of Intellectual Property Infringement was issued by the United States General Accounting Office to gather information at the request of the Senate Committee on the Judiciary. The survey's "Background" section indicates that it is issued in consequence of the "Florida" decisions, and its goal is to determine "the extent to which your college, university, or university system has been subjected to allegations of intellectual property infringement since 1985."[126]

The GAO Report based on the survey was issued in September 2001, with statistics open to interpretations that left the Copyright Office and the United States Patent and Trademark Office convinced that abrogation legislation is still needed.[127] As we have seen, the Supreme Court's weighing of facts that underlie legislation may mean that the judicially noticed infringement claims and surveys in the Napster record may carry more evidentiary weight than the Senate's own survey and GAO Report.

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124 *See* Stevens v. Illinois Dep't of Transp., 210 F.3d 732, 740 (7th Cir. 2000), *quoted in* William E. Thro, *The Education Lawyer's Guide to the Sovereign Immunity Revolution*, 146 EDUC. LAW REP. 951 (2000).

125 *See* Robert A. Gorman, *Copyright Conflicts on the University Campus*, 47 J. COPYRIGHT SOC'Y 291, 313 (2000) (discussing the "Supreme Court's extraordinary fostering of state 'sovereignty' through its elaboration of the Eleventh Amendment's bar to suits against states.").

126 *See* GAO Survey of State Colleges and Universities on the Issue of Intellectual Property Infringement, available from the United States General Accounting Office (on file with author).

127 *See* UNITED STATES GENERAL ACCOUNTING OFFICE, INTELLECTUAL PROPERTY: STATE IMMUNITY IN INFRINGEMENT ACTIONS (2001), *available at* http://www.gao.gov/cgi-bin/getrpt?gao-01-811. The Intellectual Property Protection Restoration Act (S. 1611, H.R. 3204) abrogation legislation introduced Nov. 1, 2001, as this article went to press, takes the waiver approach (*supra* note 39) by requiring state waiver of immunity in a quid pro quo exchange for access to infringement remedies for states that own intellectual property. *See* 147 CONG. REC. S11364-68 (daily ed. Nov. 1, 2001).

B. *Congruence and Proportionality Between Legislative Means and Ends*

Under the new "Florida" test, it would not be enough to conclusively demonstrate a need for remedial legislation under section 5 of the Fourteenth Amendment. The legislation itself must be narrowly tailored, and demonstrate congruence and proportionality between its means and its ends. What does this mean for § 511 of the Copyright Act?

The present § 511 is certainly too broad to meet this test, applying to any infringement at any time and under any circumstances. Although the post-*Napster* infringement evidence would only allow for a narrowly tailored text that specifically abrogated state immunity in cases of copyright infringement via the Internet on state college campuses, such a text would come closer to meeting the Supreme Court's "Florida" test. Further, such infringements constitute one of the greatest single categories of constitutional deprivation for the copyright holders,[128] and would thus be effective, if narrow, legislation.

It is, however, open to question whether such amended legislation could validly include digital online infringement of non-music files, for example software, photographs, movies, artwork, and literature. The Napster findings deal only with sound recording files, and the Supreme Court's strict scrutiny review of abrogation legislation might make even such minimal broadening beyond the findings of *Napster* risky.

C. *The* Lopez *Example: New Facts Can Restore Legislation*

In 1995, the Supreme Court put the brakes on several decades of federal Commerce Clause legislation based on a broad interpretation of whether the regulated act affected interstate commerce. In *United States v. Lopez*, the Gun-Free School Zones Act was held unconstitutional because it exceeded Congress' commerce clause powers.[129] In overturning the Act, Chief Justice Rehnquist noted that "The Act neither regulates a commercial activity nor contains a requirement that the possession be connected in any way to interstate commerce."[130] Despite a dissenting opinion that attempted to justify the Act via connecting security in schools with productivity and interstate commerce, the majority went to great lengths to note that congressional findings and other evidentiary facts were conspicuously missing from the Act:

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[128] *See* Florida Prepaid Postsecondary Educ. Expense Bd. v. College Sav. Bank, 527 U.S. 627, 645-46 (requiring that abrogation legislation "respond to a history of widespread and persisting deprivation of constitutional rights").

[129] *See* United States v. Lopez, 514 U.S. 549 (1995).

[130] *Id.* at 551.

> Although as part of our independent evaluation of constitutionality under the Commerce Clause we of course consider legislative findings, and indeed even congressional committee findings, regarding effect on interstate commerce . . . the Government concedes that "[n]either the statute nor its legislative history contain[s] express congressional findings regarding the effects upon interstate commerce of gun possession in a school zone.". . . to the extent that congressional findings would enable us to evaluate the legislative judgment that the activity in question substantially affected interstate commerce, even though no such substantial effect was visible to the naked eye, they are lacking here."[131]

What is remarkable about *Lopez* is that the legislature took up the challenge, added specific fact findings to the statute, amended the statue itself, and the amended statute survived a subsequent petition for *certiorari* to the Supreme Court.[132]

The original statutory language prohibited "any individual knowingly to possess a firearm at a place that the individual knows, or has reasonable cause to believe, is a school zone."[133] The amended Act stated "It shall be unlawful for any individual knowingly to possess a firearm that has moved in or that otherwise affects interstate or foreign commerce at a place that the individual knows, or has reasonable cause to believe, is a school zone."[134]

Further, the Act was amended via a substantial nine-point finding and declaration of facts connecting firearms and crime near schools with educational declines that affect interstate commerce.[135]

It is this finding and declaration of fact combined with more narrowly tailored legislative drafting in *Lopez* that point the way to successful amendment of § 511 of the Copyright Act under the Supreme Court's "Florida" test. Congress should use the judicially endorsed surveys and judicial opinion in *Napster* to achieve the same restoration of copyright abrogation provisions that was achieved for Commerce Clause-based gun control legislation in *Lopez*.

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131 *Id.* at 562-63.

132 *See* 528 U.S. 1091 (2000) ("Petition for writ of certiorari to the United States Court of Appeals for the Eighth Circuit denied.").

133 *Id.* at 549, *quoted in* United States v. Danks, 221 F.3d 1037 (8th Cir. 1999).

134 *Id.*

135 *See* 18 U.S.C. § 922 (s) (1994). *See also* Rogovin, *supra* note 113, at n.143:

> It is not particularly uncommon for Congress to amend the findings section of a statute . . . A search of the current U.S. Code has uncovered at least twenty-one instances where Congress has amended the 'findings' section of legislation.

D. An Answer to the Riddle: A Draft for an Amended § 511

1. Findings of Fact

The success of the *Lopez* example is our guide. Although *Lopez* included legislative findings of fact within the Gun-Free School Zone statute itself, our amended § 511 will place the findings of fact within the legislative history. Although many studies from interested trade and lobbying groups are available to Congress, the findings here are limited to the plaintiff's studies and Ninth Circuit findings in *Napster*. The rationale is to attempt to meet the stringent Supreme Court tests by confining the legislative fact-findings to judicially noticed data from a Circuit Court of Appeals. Modeled in form after *Lopez* and in substance after *Napster* they are:

> 1) The Congress finds and declares that:
> (A) Copyrighted works of all kinds, including music, software, motion pictures, photographs, art, and literature, are easily digitized, reproduced, and distributed by individual users in the form of unlicensed infringing copies. The Ninth Circuit has found that such reproduction and distribution of copyrighted sound recording files by individual users constitutes a prima facie case of copyright infringement and does not come within the fair use affirmative defense of the Copyright Act or federal case law.
> (B) High levels of such infringement on college campuses, including state-supported college campuses, constitute the largest identifiable group of infringing users.
> (C) The Ninth Circuit has held that Internet users infringe exclusive rights under copyright in two ways. When downloading files the reproduction right is infringed. When uploading files to other users the distribution right is infringed.
> (D) The Ninth Circuit has held that copyright infringement on the Internet is measured in the millions of users and billions of infringing downloads and uploads per year, as many as 10,000 files per second. The associated economic loss, though not a finding of the Ninth Circuit, is correspondingly estimated at several billion dollars per year.
> (E) The Ninth Circuit has held that Internet infringement substantially takes place on college campuses on college-run communication networks. The studies approved by the Ninth Circuit for purposes of ruling on a motion to enjoin infringement did not distinguish between private and state-supported universities, nor did they find that less infringing activity took place at state-supported colleges compared to private colleges.

(F) The Ninth Circuit has held that entities that facilitate such direct infringement by users may be held liable for contributory copyright infringement. Entities that control and profit from such infringements may be held liable for vicarious copyright infringement.

(G) The Ninth Circuit has held that where knowledge of infringing activity exists and the uses are not fair uses, the First Amendment is not a defense to direct infringement.

(H) The Ninth Circuit has held that defenses for Internet service providers on college campuses or elsewhere based on safe harbor provisions in the Digital Millennium Copyright Act are highly dependent on the facts of each case, including whether the ISP comes within the definitions of the Act, and whether the ISP has knowledge of the infringing activity.

(I) Due to this mass-infringement, copyright holders including authors and the entities to whom they assign their rights on their behalf suffer deprivation of their constitutional rights under the Copyright Clause of the Constitution to hold exclusive rights to the reproduction and distribution of their copyrighted works. Copyright holders are deprived of these rights by state-supported educational institutions in violation of the copyright holders' Fourteenth Amendment guarantees of substantive and procedural due process. Such deprivation lessens the incentive to create new copyrighted works and therefore frustrates the policy of copyright law to encourage creation, dissemination, enjoyment and use of copyright works by society.

(J) Under the Eleventh Amendment, state-supported colleges are immune from copyright infringement suits in federal court. If states could be sued in federal court for contributory and vicarious copyright infringement, then copyright holders would receive injunctive relief via the federal courts, and alternatively damages, and the policies of copyright law outlined above would be furthered.

(K) No relief is available in state courts because the Copyright Act preempts state copyright law.

(L) Congress has the power, under Section 5 of the Fourteenth Amendment, to enforce by appropriate legislation measures to remediate these deprivations of the copyright holder's exclusive rights.

(M) The Supreme Court has found that under the Enforcement Clause (Section 5) of the Fourteenth Amendment, Congress can pass appropriate legislation that abrogates state sovereign immunity. Such legislation must meet a four-part test: i) Congress

must expressly state its intent to abrogate Eleventh Amendment immunity, ii) Congress must not rely on Article I powers to abrogate Eleventh Amendment immunity, iii) the legislation must be narrowly tailored to remedy a Fourteenth Amendment due process infringement of rights, and demonstrate congruence and proportionality between legislative means and ends, iv) the legislation must be supported by findings of fact demonstrating consistent deprivations of a constitutional right.

(N) The amended § 511 meets all four parts of the Supreme Court's tests.

2. *Amended Legislation*

The Supreme Court's requirement that abrogation legislation be narrowly tailored means that § 511 could no longer provide broad abrogation for any infringement. The most constrictive analysis would probably limit the amended legislation to online infringement of sound recording files only, *a la Napster*, and only via data networks on state-supported college campuses connected to the Internet. Our draft will still be narrowly limited to infringement by digital communication, but it will for the moment include all types of digitized copyrighted works, and any type of future digital distribution technology. Whether planning for such future technological developments makes the proposed amendment too broad under the "Florida" tests is open to debate. It's a slightly risky approach.

Note also that the Copyright Remedy Clarification Act involved changes in sections of the Copyright Act in addition to § 511, including sections specifically dealing with mask works (computer chips).[136] For the purposes of this paper, the proposed amended drafting will be confined to the main abrogation section, § 511.

The lead of *Lopez* will be followed in one important substantive way: *Lopez* made very minimal changes to the body of the statute, including specific references to interstate commerce at key points but otherwise remaining substantially the same. Certain in the knowledge that the political process and legislative drafting would involve many different versions and opinions, and choice of wording, our proposed draft will opt for the same minimalist approach as *Lopez*, and rely on the legislative history to present the nuances of diverse interested parties.

The new language appears in italics:

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[136] *See* the Copyright Remedy Clarification Act of 1990,17 U.S.C. §§ 501(a), 511, 910, 911 (1994).

§ 511 Liability of States, instrumentalities of States, and State officials for infringement of copyright *via digital communications on state-supported college campus computer networks.*
(a) IN GENERAL.—Any State, any instrumentality of a State, and any officer or employee of a State or instrumentality of a State acting in his or her official capacity, shall not be immune, under the Eleventh Amendment of the Constitution of the United States or under any other doctrine of sovereign immunity, from suit in federal court by any person, including any governmental or nongovernmental entity, for a violation of any of the exclusive rights of a copyright owner provided by sections 106 through 121, for importing copies of phonorecords in violation of section 602, or for any other violation under this title. *Such nonimmunity shall be limited to infringements that occur via digital communication using any technology now known or hereinafter invented occuring via state-college supported or provided networks. Liability may be found on the basis of direct, contributory, or vicarious infringement.*

VII. CONCLUSION

There's more than one irony here. The first irony is that the *Napster* litigation, however it results, may contribute towards protecting intellectual property rights on college campuses by giving Congress the evidentiary support it needs to effectively abrogate state sovereign immunity, thereby allowing suits for damages against state-supported colleges.[137] The Supreme Court has made it a formidable task for Congress to achieve, but in this the Supreme Court is correct: it should be formidable to legislatively alter the fundamental balance of power between the state and federal governments. Regardless of whether one believes that the Supreme Court has improperly expanded the scope of Eleventh Amendment immu-

[137] Copyright holders currently have the right to sue private colleges for Napster-like Internet infringement on college campus computer networks and college supported Internet Service Providers. Whether such private colleges would come within the "safe harbor" provisions for Internet Service Providers in the Digital Millennium Copyright Act (DMCA), 17 U.S.C. § 512 (Supp. IV 1998), has not yet been decided by the courts. In the Napster litigation, DMCA safe harbor was not available at the injunctive motion phase, and was left by the Ninth Circuit to be "more fully developed at trial." *Napster III*, 239 F.3d at 1025. The lower court further found that DMCA safe harbors "expressly exclude from protection any defendant who has "[a]ctual knowledge that the material or activity is infringing," 17 U.S.C. § 512(d)(1)(A), or "is aware of facts or circumstances from which infringing activity is apparent." § 512(d)(1)(B). A&M Records v. Napster (Napster I), 114 F. Supp. 2d 896, 919 (N.D. Cal. 2000).

nity, it is the current law of the land and a valuable constitutional right held by the states.[138]

The second irony is that now that the Supreme Court appears to have finally stopped moving the goal posts concerning the standards for effective abrogation of state sovereign immunity, Congress may find that such abrogation legislation is consistently within its reach. The new "Florida" test is that: 1) Congress expressly states its intent to abrogate Eleventh Amendment immunity; 2) Congress not rely on Article I powers; 3) the resultant legislation must show congruence and proportionality between the means used and the ends achieved; 4) Congress provide evidence that a constitutional right is consistently violated, such that Congress may legislate via its remedial powers under Section 5 of the Fourteenth Amendment. It must be narrowly tailored to survive a strict scrutiny analysis in the courts.

Should Congress successfully restore such abrogation of state immunity for copyright infringement via the Internet on college computer networks, state-supported colleges and universities may find themselves fighting an uphill battle to defend such claims. In *Napster*, the Ninth Circuit set precedent by holding that individual file traders are direct infringers, and that Napster was liable for contributory and vicarious infringement.[139] Most damaging of all for educational institutions is the Ninth Circuit's holding that such use would not come within the fair use affirmative defense,[140] an argument normally much cited by educational institutions in support of the type of officially sanctioned research activities not at issue here. With DMCA and fair use defenses already dismissed for Napster-like infringement in the Ninth Circuit, the abrogation of state immunity would likely create a flurry of anti-infringement policy-making at educational institutions. Whether such institutions would have the authority and ability to police such regulations would remain to be seen.

It is possible that, after raising the bar to successful abrogation legislation in the "Florida" cases, the Supreme Court has now communicated abrogation guidelines clear enough to allow for successful abrogation legislation, beginning with amendments to the Copyright Remedy Clarifica-

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[138] *See* Atascadero State Hosp. v. Scanlon, 473 U.S. 234, 247 (1985) (Brennan, J., dissenting). Among the extensive scholarly arguments that the Supreme Court's current Eleventh Amendment interpretation is too broad is Justice Brennan's fifty-five-page scholarly argument in dissent in *Atascadero*. *See also* Seminole Tribe of Fla. v. Florida, 517 U.S. 44, 100-85 (1996) for Justice Souter's eighty-five-page scholarly and exhaustive Dissent arguing that the Court's Eleventh Amendment jurisprudence has vastly exceeded both a strict textual interpretation, and the intent of Congress).

[139] *See generally Napster III*.

[140] *See Napster III*, 239 F.3d at 1014-18.

tion Act. Is this author overly optimistic about the possibility of such an amendment to the Copyright Act surviving the Supreme Court's scrutiny? Perhaps. But the first step on any road to Thebes is to understand the rules of the riddle.

REVISITING *WILLIAMS & WILKINS V. UNITED STATES*: DEFINING THE SCOPE OF FAIR USE IN RESEARCH PHOTOCOPYING

by PETER N. FOWLER*
AND LEN S. SMITH**

I. INTRODUCTION

Imagine yourself, a member of a board managing a federally-funded research institute facing this problem: common practice in your institution is for staff, faculty or researchers to share scientific articles, either alone or in compilations, from various journals and textbooks, from classical to "cutting edge" copied from journals owned by the institution's library. While in the process of producing these text collections, your institute's library staff was approached by a man who identified himself as an agent of the Copyright Clearance Center[1] ("CCC"). The CCC's employee asked the library if it, or your organization, has a license to make the copies of these articles. The library staff, not aware of the need for such a license, replied that he did not know of any license, and then proceeded to make the copies for the students and professors.

Now imagine it's two days later, and a letter from the CCC comes across your desk requesting that you enter into a licensing agreement with the CCC, or face a possible lawsuit on the basis of copyright infringement.

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**J.D., Washington University School of Law, 1999. Registered U.S. Patent Agent. Associate, Leydig, Voit & Mayer, Ltd., Chicago, Illinois. The authors would like to thank Professor Charles McManis of the Washington University School of Law and Christina Cognata Smith for their insight and substantial assistance, and Elizabeth Shaw for her assistance with legal research.

[1] The Copyright Clearance Center was established in 1978, "to facilitate fee collection for photocopying of copyrighted materials." By 1995 the CCC had 9,000 publisher members. Anna M. Budde, *Comment: Photocopying for Research: A Fair Use Exception Favoring the Progress of Science and the Useful Arts*, 42 WAYNE L. REV. 1999, 2012, 2012 n.76 (1996), citing Mary N. Lauria & Diane R. Moriarty, *Copying to Keep Big Brother at Bay: Knowledge of Licensing Procedures Important*, N.Y.L.J., Apr. 3, 1995, at S3, S8.

You and your organization face a difficult situation: should you lower the standard of your research, or pay for the license from the already limited research budget? Because your organization is government funded, you may also face the political pressure that comes with obtaining funds from Congress or a particular agency budget.

Alarmed by the CCC's letter, you turn to your organization's attorney, who suggests to you that your staff may not be liable for copyright infringement based on the doctrine of "fair use," which excludes certain uses of copyrighted materials from copyright infringement liability.[2] He notes this may be especially true for uses for non-profit educational or research purposes, which are indicated as fair uses in the preamble to the Copyright Act's codification of the doctrine, in 17 U.S.C. § 107.[3] Furthermore, the attorney informs you that only one case involving photocopying by a non-profit research agency has gone before the Supreme Court, and that this case, *Williams & Wilkins Co. v. United States*,[4] held that such photocopying was "fair use."[5] The other members of the board, however, note that the CCC's letter repeatedly pointed out how the *Williams & Wilkins* case has been seriously questioned, and that recent decisions, especially the *American Geophysical Union v. Texaco, Inc.*[6] suggests that photocopying even for non-profit or educational research purposes may

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[2] *See infra* Section II(B) for a discussion of the nature of the doctrine of fair use.

[3] 17 U.S.C. § 107 (1994) reads in pertinent part, "The fair use of a copyrighted work, including such use by reproduction in copies . . . for purposes such as . . . teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright." Library or archival use of photocopied materials in certain instances is exempted from infringement under 17 U.S.C. § 108 (1994). These libraries must be open to the public and only allow a single photocopy to be produced. *Id.* However, § 108 is not intended to eliminate fair use privileges or any other exemptions under the Copyright Act to those libraries or to other institutions. *See* 17 U.S.C. § 108(f)(4) (1994); *See also* INFORMATION INFRASTRUCTURE TASK FORCE, INTELLECTUAL PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE: THE REPORT OF THE WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS 85-90 (1995) [hereinafter "NII REPORT"] (describing the use and requirements of § 108). Moreover, § 110 provides other limited educational use exemptions for face-to-face teaching with displays or performances or for transmissions that are a "regular part of the systematic instructional activities of the non-profit educational institution" if the transmission meets other requirements. *Id.* at 95-96. *See also* 17 U.S.C. § 110 (1994). This paper focuses on the issues surrounding "research" photocopying, which is not covered by these explicit exemptions and so falls under the more difficult issue of fair use under § 107.

[4] 487 F.2d 1345 (Ct. Cl. 1973), *aff'd by an equally divided court*, 420 U.S. 376 (1975).

[5] *See infra* Section II for the specifics of the *Williams & Wilkins* decision.

[6] 60 F.3d 913 (2d Cir. 1994).

not be fair use,[7] despite the plain language contained in the preamble to 17 U.S.C. § 107. The attorney reminds you, the decision is yours; do you trust the older precedent and literal language of 17 U.S.C. § 107 and rely on a fair use defense in court, or considering the cases the CCC has indicated to you, pay for the license and do with less in the Institute's budget?

The answer to the question, what decision is correct in the hypothetical dilemma may simply be not that clear. Although no court has faced this exact situation of yet,[8] this scenario depicts one crisis that some court will inevitably face, and that decision may have an enormous and profound impact on how fair use is defined under the Copyright Act,[9] and how government research institutions and other non-profit research agencies function.[10] While the equitable doctrine of fair use, a limitation on the monopoly granted to copyright owners is as old as the idea of copyright itself,[11] it has recently been severely limited by appellate and district court cases which are inconsistent with the Supreme Court's holdings, the statutory language of the Copyright Act, and perhaps even the Constitution. This article will critically examine the function and foundations of both copyright and the fair use doctrine, and demonstrate how the *Williams & Wilkins* decision, which has been so strongly criticized, may still provide "principles" that indicate that a fair use exception for research and educational uses exists even after the *Texaco* decision has been interpreted to narrow the scope of what *Williams & Wilkins* held is fair use. Specifically, Part II examines the nature of copyright and fair use. Part III examines the *Williams & Wilkins* decision. Part IV then analyzes the *Williams & Wilkins* court's decision under fair use and copyright law and policy. Part

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[7] This article will focus on fair use in the context of research photocopying within the operations of federally funded or non-profit uses. This article will not focus on "educational" photocopying fair use. The topic of educational fair use photocopying has received a great deal of attention in recent years. *See, e.g.*, Gilbert Busby, *Note: Fair Use and Educational Copying: A Reexamination of* Princeton University Press v. Michigan Document Services, Inc., 86 KY. L.J. 675 (1997); Diane Ouchi, *Case Summary:* Princeton University Press v. Michigan Document Services, Inc., DEPAUL-LCA J. ART & ENT. L. (1997).

[8] *See* Section IV(D) for discussion of why this type of situation remains judicially unresolved.

[9] The term "Copyright Act" in this article is in reference to Title 17, United States Code.

[10] While there are distinct issues regarding fair use for a federally funded research institution and a "non-profit" institution, both issues are currently unresolved, and are distinguishable from the *Texaco* decision which involved a research institution under a for-profit corporation. *See infra* Section V for a discussion of the *Texaco* decision.

[11] *See* Budde, *supra* note 1, at 2003, 2003 n. 23, citing Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 575 (1994).

V discusses the background, holding and rationale in *Texaco*. Part VI analyzes the fair use analysis in the *Texaco* decision. Finally, Part VII concludes that the *Williams & Wilkins* decision offers principles that are consistent with the intent of the Constitution and the Copyright Act that remain valid after the *Texaco* decision, and provides recommendations for Congress and the courts on the issue of fair use and non-profit research photocopying.

II. THE NATURE OF COPYRIGHT AND FAIR USE

A. The Nature of Copyright

The source of protection of works by copyright in the United States emanates directly from the Constitution. The "Copyright Clause" of the U.S. Constitution provides that Congress shall "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."[12] Familiar with protections for the rights of authors from English law,[13] the authors of the Constitution set out this valuable right in the basic document of United States law.[14] The goal of the Framers of the Constitution in providing the Copyright Clause was a recognition that

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[12] U.S. CONST. art. 1, § 8, cl. 8.

[13] *See* Neil W. Netanel, *Copyright and a Democratic Civil Society*, 106 YALE L.J. 283, nn. 325-328 (1996), and accompanying text. The Statute of Anne, enacted in 1710, recognized a limited form of copyright in England (but English law governing copyright did not directly apply in the American Colonies) was to provide "for the Encouragement of Learning." Despite the inapplicability of English Copyright Law to the Colonies, twelve of the original colonies did adopt copyright statutes after the American Revolution. Karen L. Still, *Case Comment:* American Geophysical Union v. Texaco, Inc.*: Expanding the Copyright Monopoly*, 29 GA. L. REV. 1233, 1239 (1995). Other countries and earlier sources may have also influenced the colonists and American Copyright law. *See* Ann Okerson, *Whose Article Is it Anyway? Copyright and Intellectual Property Issues for Researchers in the 90s*, Notice of the AMS, January 1996, *available at* http://www.ams.org/notices/199601/okerson.pdf (last visited Oct. 4, 2001) (discussing sources of copyright law extending to the sixth century).

[14] *See supra* note 10. *See generally* Barbara Ringer, *Two Hundred Years of American Copyright Law*, *in* 200 YEARS OF ENGLISH & AMERICAN PATENT, TRADEMARK & COPYRIGHT LAW (1977) (discussing the development of the U.S. Copyright law from English law). *See also* NII REPORT, *supra* note 3, at 19 n. 31 and accompanying text (discussing the submission of drafts of the "Copyright clause" by James Madison and its acceptance by the Constitutional Convention).

copyrights were necessary to protect a free constitution by creating a national market for authors to express ideas.[15]

Copyright itself is often seen as a balance (or other times as a "tension")[16] between encouraging authors to "create and disseminate original expression," in that "it accords them a bundle of proprietary rights in their works . . . but [it also exists] to promote public education and creative exchange, it invites audiences and subsequent authors to use existing works in every conceivable manner that falls outside the province of the copyright owner's exclusive rights."[17] This balance principle accords itself well to the constitutional goal for copyright of "promoting science and useful arts" by awarding authors the rights to exploit their works, and the tendency of American law to reject monopolies.[18] The Supreme Court in *Mazer v. Stein*[19] described this balance principle by stating that "the economic philosophy behind the clause empowering Congress to grant patents and copyrights is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and individuals in 'Science and useful Arts.' "[20]

It is important to note, however, that this public-private balance is not intended to be equal under American copyright law.[21] The "Supreme Court has explicitly stated on several occasions that the purpose of copy-

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[15] Netanel, *supra* note 13, at 283 nn. 325-344 (discussing George Washington's, Thomas Paine's, and the First Congress' support for the first U.S. Copyright statute).

[16] *See* LEON E. SELTZER, EXEMPTIONS AND FAIR USE IN COPYRIGHT: THE EXCLUSIVE RIGHTS TENSIONS IN THE 1976 COPYRIGHT ACT 3-5 (1978).

[17] *Id.* at 285.

[18] *See generally* NII REPORT, *supra* note 3, at 19-22 (discussing the balance, and public nature of copyright law with citations to several cases and authorities).

[19] 347 U.S. 201 (1954).

[20] *Id.* at 219.

[21] *See* NII REPORT, *supra* note 3, at 19-22. *See also infra* notes 19-23, and accompanying text. Despite the amount of authority favoring a "public benefit" approach to copyright law and policy, several excellent works have questioned whether the historical basis of American copyright law, and that the proper basis of copyright law should be a "natural rights" approach. *See, e.g.*, Barbara Friedman, *The Herbert Tenzer Memorial Conference: Copyright in the Twenty-First Century: From Deontology to Dialogue: The Cultural Consequences of Copyright*, 13 CARDOZO ARTS & ENT. L.J. 157 (1994); SELTZER, *supra* note 16, at 3-7. For a different viewpoint, see Justice Stephen Breyer, *The Uneasy Case For Copyright: A Study of Copyright in Books, Photocopies, and Computers*, 84 HARV. L. REV. 281 (1970) (providing the view that in many cases copyright is not necessary, and not valuable in promoting a public benefit and may actually impede public benefits). Such arguments on the nature of copyright are beyond the scope of this article's focus.

right is a utilitarian one rather than a recognition of so-called authors' rights."[22] In *Sony Corp. of America v. Universal City Studios, Inc.*[23] the Court made the prominence of public benefit in copyright law clear by stating that "the copyright law, like the patent statutes, makes reward to the owner a secondary consideration,"[24] and further holding that "the sole interest of the United States and the primary object in conferring the [copyright] monopoly lie in the general benefits derived by the public from the labors of the authors."[25] The *Sony* Court furthermore noted that Congress had adopted the 1909 Copyright Act with two inquiries in mind, "how much will the legislation stimulate the producer and so benefit the public; and, second, how much will the monopoly granted be detrimental to the public" as evidence of considering the public good when facing copyright issues.[26]

B. The Nature of The Doctrine of Fair Use

In addition to the concept of copyright, the equitable doctrine of fair use also emigrated to America from England where it had been used in the courts since the middle 1700's as a defense to suits for copyright infringement.[27] The fair use doctrine provides for more protection from the copyright holder's monopoly on his or her work by providing that certain uses are exempted from liability for infringement. As early as 1841, Justice Story, in a now famed decision, laid out many of the principles that would become the basis for America's version of fair use in *Folsom v. Marsh*.[28] The fair use doctrine remained a common law limitation on the

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[22] *See* Friedman, *supra* note 21, at 159-60. The authors cite several cases ranging from *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994) to *Wheaton v. Peters*, 33 U.S. 591 (1834). *Id.* at n. 21.

[23] 464 U.S. 417 (1984)

[24] *Id.* at 429.

[25] *Id.*, quoting Fox Film Corp. v. Doyal, 286 U.S. 123, 127 (1932).

[26] *Id.*, quoting H.R. REP. NO. 2222, at 7, 60th Cong. (1909).

[27] English case law reported the doctrine of fair use as early as the 1740 case of *Gykes v. Wilcox*, 2 Atk. 141, 26 Eng. Rep. 489 (1740). Although the words "fair use" did not appear explicitly in American case law until *Lawrence v. Dana*, 15 F. Cas. 26 (C.C.D. Mass. 1869) (No. 8,136), the principles of fair use were used as a defense as early as *Gray v. Russell*, 10 F. Cas. 1035 (C.C.D. Mass. 1839) (No. 5,728).

[28] 9 F. Cas. 342 (C.C.D. Mass. 1841) (No. 4,901). Justice Story in *Folsom* stated "in short we must often, in deciding questions of this sort, look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work." *Id.* at 348. The *Folsom* case involved the copying of sections of George Washington's memoirs in a work. The case has become more influential in American law in recent years and is worthy of study. A good synopsis of the case is

monopoly granted by copyright protection, despite the lack of legislative authority,[29] until it became codified into § 107 of the Copyright Act of 1976.

The doctrine of fair use was originally viewed as "a privilege in others than the owner of [a] copyright to use the copyrighted material in a reasonable manner without his consent."[30] From this status as a privilege the doctrine evolved into its current state as an affirmative defense to copyright infringement.[31] The concept of implied consent in the doctrine of fair use was seen as "a necessary incident of the constitutional policy of promoting the progress of science and the useful arts, since a prohibition of such use would inhibit subsequent writers from attempting to improve upon prior works and thus . . . frustrate the very ends sought to be attained."[32] Modern scholars, in contrast, have focused more on whether fair use is based on an economic or "market" theory, or some other principles such as the public benefit, or promotion of learning.[33] This new focus on the basis of the doctrine, rather than an implied consent approach, fur-

presented by Karen S. Frank and Michael J. Higgins in *Fair Use: In the Courts and Out of Control?*, *in* ADVANCED SEMINAR ON COPYRIGHT LAW 1995 (Practicing Law Institute 1995) (Richard Dannay and Katherine C. Spelman Co-Chairs). For a more in depth examination of the "development of fair use in the United States," see WILLIAM F. PATRY, THE FAIR USE PRIVILEGE IN COPYRIGHT LAW 18-64 (1985).

[29] *See* American Geophysical Union v. Texaco, Inc., 802 F. Supp 1, 9-10 (S.D.N.Y. 1992) (court simply refused to read the statute literally in every situation) (citations omitted).

[30] Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 549 (1985), quoting HORACE G. BALL, LAW OF COPYRIGHT AND LITERARY PROPERTY 260 (1944).

[31] *See, e.g.*, ARTHUR R. MILLER & MICHAEL H. DAVIS, INTELLECTUAL PROPERTY: PATENTS, TRADEMARKS AND COPYRIGHTS 348-49 (2d ed. 1990) (fair use a legal privilege dictated by public policy); Roberta R. Kwall, *Governmental Use of Copyrighted Property: The Sovereign's Prerogative*, 67 TEX. L. REV. 685, 727 (1989) (fair use an affirmative defense). *See also infra* note 163.

[32] *Id.*, quoting BALL, *supra* note 30, at 260.

[33] *See, e.g.*, Nicole B. Casarez, *Deconstructing the Fair Use Doctrine: The Cost of Personal and Workplace Copying After* American Geophysical Union v. Texaco, Inc., 6 FORDHAM INTELL. PROP., MEDIA & ENT. L.J. 641, 650-51 (1996) (discussing market theory of the fair use doctrine versus promotion of learning). This argument is also similar to, and intermingled with, scholarly debate over the nature of copyright. *See supra* note 9 and accompanying text. This paper will only touch on these issues to the extent they act as practical foundations or rationales for the application of fair use in the American legal system.

ther addresses the inherent conflict in fair use that arises at the "junction" of the expectations of "costs" and "access" to copyrighted works.[34]

Despite the application of the doctrine of fair use in over 130 years of American Jurisprudence, the doctrine always remained elusive and indefinite.[35] Part of this problem arose from the fact that the doctrine was used sporadically, inconsistently, and was completely created by courts in spite of no provision in any copyright statute for its application.[36] The problems of indefiniteness that surround the doctrine of fair use have earned it the distinction of being dubbed "the most troublesome [issue] in the whole law of copyright."[37]

The incorporation of the doctrine of fair use into the Copyright Act was the subject of long and heated Congressional Debate.[38] On one side, Congress felt pressure from copyright owners to limit or exclude the doctrine from the Act altogether, while on the other side the "educational lobby" believed that fair use was necessary for their activities.[39] As the debate was waged, progressively more ambiguous versions of a fair use provision were created.[40] Finally, Congress settled on what has now become 17 U.S.C. § 107, which it intended "merely to restate the common-law doctrine of fair use and not to alter it in any way."[41]

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[34] *See* SELTZER, *supra* note 16, at 29-30. Professor Seltzer characterizes the inquiry of fair use to be: was this use within the risk that an author took that society would use the work without payment, or conversely, was this use within the risk that society took that the author would limit access. *Id.* at 30.

[35] *See generally* Laura G. Lape, *Transforming Fair Use: The Productive Use Factor In Fair Use Doctrine*, 58 ALB. L. REV. 677 (1995) (discussing the various interpretations of the terms and principles of fair use over the history of its application). *See also* NII REPORT, *supra* note 3, at 73 n.228 and accompanying text (noting that the doctrine is "so flexible as to defy definition," quoting Time, Inc. v. Bernard Geis Assocs., 293 F. Supp. 130, 144 (S.D.N.Y. 1968). *See also* Williams & Wilkins v. United States, 487 F.2d 1345, 1352 (Ct. Cl. 1973) (noting that because fair use determination requires evaluation of a number of factors there has not been an "exact or detailed definition of the doctrine" accepted by all. *Id.*

[36] *See* Lape, *supra* note 35, at 667.

[37] *See* Time, Inc. v. Bernard Geis Assocs., 293 F. Supp. 130, 144 (S.D.N.Y. 1968), quoting Dellar v. Samuel Goldwyn, Inc., 104 F.2d 661, 662 (2d Cir. 1939).

[38] *See* William Patry, *Copyright:* American Geophysical Union v. Texaco, Inc.*: Copyright and Corporate Photocopying*, 61 BROOK. L. REV. 429, 429 (1995).

[39] *Id.*

[40] *See* Jessica D. Litman, *Copyright, Compromise and Legislative History*, 72 CORNELL L. REV. 857, 886-88 (1987).

[41] H.R. REP. NO. 94-1476, AT 66 (1976), *reprinted in* 1976 U.S.C.C.A.N. 5659, 5680. *But see* PATRY, *supra* note 28, at 362 (despite intention to not change fair use doctrine, codification of § 107 did change the scope of the doctrine).

Section 107, which codified fair use for the first time in the history of American copyright law, as it was adopted into the Copyright Act, and still persists provides simply that:

> Notwithstanding the provisions of sections 106 and 106A,[42] the fair use of a copyrighted work, including such use by reproduction in copies or phonorecords or by any other means specified 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 use made of a work in any particular case is a fair use the factors to be considered shall include—
>
> (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
>
> (2) the nature of the copyrighted work;
>
> (3) the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
>
> (4) the effect of the use upon the potential market for or value of the copyrighted work.[43]

Section 107 is viewed as "an equitable rule of reason."[44] The section is viewed as providing factors that courts may look to in analyzing particular cases, but courts are not limited to consideration of only these factors in determining if a use is "fair."[45] If a use meets the test for fair use, the doctrine limits the grant of the exclusive right given to a copyright holder in a way consistent with the intended role for copyright in our society.[46] The Supreme Court in *Harper & Row* noted that the role for fair use was to "permit courts to avoid rigid application of the copyright statute when, on occasion, it would stifle the very creativity which that law is designed to foster."[47] Thus, § 107 provides a mechanism to balance the private and public concerns under the Copyright Clause of the Constitution.

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[42] 17 U.S.C. §§ 106,106(A) (1994) provide the "exclusive rights" granted to the owner of a copyright. *See* 17 U.S.C. §§ 106-106(A) (1994). *See also* NII REPORT, *supra* note 3, at 63-72 (for overview of "exclusive rights" under § 106).

[43] 17 U.S.C. § 107 (1994).

[44] Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417, 448 (1984).

[45] *Id.*

[46] *See supra* notes 5-15 and accompanying text.

[47] 471 U.S. at 550 n.3, quoting Iowa State Univ. Research Found., Inc. v. American Broad. Co., 621 F.2d 57, 60 (2d Cir. 1980); *see also* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 577 (1994), citing Stewart v. Abend, 495 U.S. 207, 236 (1990) (internal quotation marks and citation omitted in original).

Unfortunately, one consequence of the flexibility provided to courts under § 107 is that § 107 does not clearly define fair use. Moreover, the definition of what is fair under § 107 defies precision because Congress intended that the doctrine codified in § 107 should not change its similarly ambiguous common law origins. In fact, Congress considered the doctrine incapable of exact definition due to its equitable nature.[48] Thus, fair use after the 1976 Copyright Act is treated as something of a hybrid by courts and authors, who turn to § 107's legislative history and the decisions and precedents of other courts in addition to what can be taken from the language of the statute. An additional factor adding to the ambiguity surrounding the doctrine is the fact that the Supreme Court has issued decisions in only four "fair use cases."[49]

C. Section 107's Preamble Uses

One clause of § 107 which suggests some insight into the elusive doctrine of fair use is the preamble which articulates several types of uses as examples of fair uses, before proceeding to lay out the four factors of the "fair use test."[50] The preamble indicates that reproduction in copies "for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship or research" are all examples of fair use.[51] Fair use is not considered limited to these examples, but they are to provide direction for courts to determine what other kinds of uses may qualify as fair.[52]

The preamble sentence of § 107 is important for our consideration because it reflects the one attempt of Congress to "add" something semi-definitive to the doctrine. The House committee report makes it clear that the factors provided in § 107 are "relevant in determining whether the basic doctrine of fair use, as stated in the first sentence of § 107, applies in a particular case."[53] This statement, if taken into account, gives powerful support for the notion that the preamble examples of fair use are to be considered as, or nearly, *per se* fair uses. However, the logic of the House report in its conflict with this statement was inconsistent, it was not adopted by later House Committee Reports on the topic, and it has been

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[48] *See* H.R.CONF. REP. NO. 94-1733 (to accompany S.22), at 65-66 (1976); S. REP. NO. 94-473 (to accompany S.22), at 62 (1975).

[49] *See* Frank & Higgins, *supra* note 28, at 15. These decisions are: *Sony* (1984); *Harper & Row* (1985); *Stewart v. Abend* (1990); and lastly, *Campbell* (1994). *See also* NII REPORT, *supra* note 3, at 79-80 (for brief discussion of the four cases).

[50] *See supra* note 43 and accompanying text.

[51] *Id.*

[52] *Campbell*, 510 U.S. at 576-77.

[53] *See* SELTZER, *supra* note 16, at 19-20, quoting H. REP NO. 94-1476 (to accompany S.22) (1976).

criticized by authors.[54] Furthermore, it is almost universally accepted that despite such language, no use of a copyrighted work can be determined *per se* fair use.[55] Nonetheless, the preamble still remains the only codification of legislative intent to add to the doctrine.

Considering the criticisms and ambiguity in the legislative history of how much weight the preamble sentence of § 107 should be given, the next logical step is to examine how the courts have taken this phrase into consideration. The Supreme Court has held that the preamble paragraph is to indicate an "illustrative and not limitative function" which provides only "general guidance about the sorts of copying that courts and Congress most commonly found to be fair uses."[56] However, the Court still noted that "the inquiry" may be "guided by the examples given in the preamble to § 107."[57]

D. Section 107's Factors

Considering the lack of any clear definition of the boundaries of fair use by Congress, it is important to examine how courts have interpreted the factors of § 107. Before considering the factors, it should be noted that fair use, like copyright infringement, is considered not at all reliant on intent.[58] Nor is fair use related to the work inputted by the author of the work.[59]

The Supreme Court has noted that the factors should not be considered in isolation from one another and that "all are to be explored, and the results weighed together, in light of the purposes of copyright."[60]

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[54] *Id.* at 21.

[55] *See, e.g.*, Kwall, *supra* note 31, at 727.

[56] *Campbell*, 510 U.S. at 577, citing Harper & Row, Publishers, Inc. v. Nation Enters., Inc., 471 U.S. 539, 561 (1985).

[57] *Id.* at 1171. *But cf.* NII REPORT, *supra* note 3, at 75. The NII Report holds that the first sentence of § 107 is a mere "tautology" but cites no authority for this statement. It notes that the preamble may be used as guidance but does not create a "presumption" that the listed uses are fair.

[58] *See, e.g.*, Whitol v. Crow, 309 F.2d 777 (8th Cir. 1962) (even "innocent infringement" will not provide a defense of fair use). *But see* Frank & Higgins, *supra* note 29, at 12-13 (discussing good faith as an appropriate inquiry for fair use determination due to the doctrine's equitable nature).

[59] This former concept, known as the "Sweat of the Brow" doctrine, was rejected by *Feist Publ'ns, Inc. v. Rural Telephone Servs. Co., Inc.*, 499 U.S. 340 (1991).

[60] *Campbell*, 510 U.S. at 576, citing Pierre Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1110-111 (1990); William F. Patry & Shira Perlmutter, *Fair Use Misconstrued: Profit, Presumptions, and Parody*, 11 CARDOZO ARTS & ENT. L.J. 667, 685-97 (1993). *See also* PATRY, *supra* note 28, at 362 (noting that the statute requires courts *shall* consider the factors, and citing

1. The Purpose and Character of The Use

The "purpose and character" of the use factor in § 107 generally takes three elements into consideration: the commercial or non-profit nature of the use, the public or private nature of the use and, more recently, the "transformative" nature of the use. Although courts have considered other elements, these three are the primary ones which courts have relied on in weighing this factor.[61]

Commercial vs. non-profit nature of the use, as suggested by the language of § 107,[62] is one of the first considerations for courts, and was traditionally so, even before the passage of § 107. In the *Sony* decision, the Supreme Court held a use for non-commercial purposes to be presumptively fair,[63] but in the later *Campbell* decision the Court held that the profit or non-profit-making character of a use should not be the dispositive element of deciding this factor for or against a finding of fair use.[64] The Court's rationale for this decision was that if commercial use was to be considered presumptively "unfair" the preamble uses of § 107 would be nearly "swallow[ed]" because these illustrative uses "are generally conducted for profit in this country."[65] Despite its lack of emphasis on this factor, the Court did recognize that § 107 does contemplate the consideration of commercial or non-profit nature as at least "one consideration" for the purpose and character of the use.

In addition to non-commercial uses having traditionally strong support as fair uses, "public" uses have also been traditionally given a broader scope than "private uses."[66] For example, non-profit educational uses have been held to be given "a higher value" under the Copyright Act than to uses of a "commercial nature."[67] However, despite the language of § 107, and the endorsement by several courts, other courts, including the

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Pacific & Southern Co. v. Duncan, 744 F.2d 1490, 1495 n.7 (11th Cir. 1984), as authority to the same principle).

61 *See* MILLER & DAVIS, *supra* note 31, at 352 (discussing several cases before the 1976 Copyright Act relying on determinations of commercial character for a finding of fair use).

62 *See supra* note 43 (language of 17 U.S.C. § 107).

63 464 U.S. at 449.

64 520 U.S. at 572.

65 *Id.* at 1174, citing Harper & Row, Publishers, Inc. v. Nation Enters., Inc., 471 U.S. 539, 592 (1985) (Brennan, J., dissenting).

66 MILLER & DAVIS, *supra* note 31, at 352 (1990), citing *Williams & Wilkins* and *Sony*.

67 Castle Rock Entm't v. Carol Publ'g Group, 955 F. Supp. 260, 269 (S.D.N.Y. 1997), quoting *Twin Peaks*, 996 F.2d at 1374.

Supreme Court in *Campbell*, have simultaneously acknowledged and diminished this Congressional intent.[68]

The *Campbell* Court focused on the "whether and to what extent" the work is "transformative" as a key consideration of the purpose determination for a finding of fair use.[69] In making a determination of whether the work is transformative, the court inquires whether the new work "merely 'supersedes the objects' of the original creation, or instead adds something new, with a further purpose or different character, altering the first with new expression meaning or message.'"[70] Courts since *Campbell* have also heavily relied on the transformative nature of the use, and as such it has become an important consideration for purpose and character of use.[71]

2. The Nature of the Copyrighted Work

The nature of the copyrighted work factor "calls for the recognition that some works are closer to the core of intended copyright protection than others,"[72] and thus fair use may be more difficult to establish for such works. One example of a work where protection for the work is greater is when the work is an author's original creative expression.[73] However, even creative works may be copied and found to be fair use as in parodies, where expressive works are almost "invariably copied."[74]

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[68] *See Campbell*, 510 U.S. at 584-85. After the Court noted that the "statute makes clear that the commercial or nonprofit educational purpose of a work is . . . one element of the first factor inquiry into [a use's] purpose and character," it goes on to hold that "the mere fact that a use is educational and not for profit does not insulate it from a finding of infringement, any more than the commercial character of a use bars a finding of fairness." *Id.*

[69] 510 U.S. at 579. The court relied on Justice Story's *Folsom v. Marsh* opinion in making this reliance on the "transformative" nature of the work. *See supra* note 30. *See also* Twin Peaks Prods., Inc. v. Publications Int'l, Ltd., 996 F.2d 1366, 1375 (2d Cir. 1993). However, the tendency of the *Campbell* Court and others after it to rely on transformative nature of the work as a key in determining whether the purpose factor supports or rejects a finding of fair use has been criticized as inconsistent with the majority of American case law. *See generally* Lape, *supra* note 35. Furthermore, it should be noted that there is no mention of transformative use in the direct language of § 107 or the majority of the legislative history as compared to the profit/non-profit distinction. Lastly, it is an interesting question to wonder to what extent did the Court's determination of transformative as a key element for the determination of the purpose and character aspect depends on the setting of the *Campbell* case, a determination of fair use by a parody.

[70] *Castle Rock Entm't*, 955 F. Supp. at 267, citing *Campbell*, 510 U.S. at 579.

[71] *See, e.g., id.* at 260. Furthermore, both the lower court, and the Second Circuit relied on the transformative considerations in the *Texaco* decisions.

[72] *Campbell*, 510 U.S. at 586.

[73] *Id.*

[74] *Id.*

Unlike creative works which are given more protection, works which are essentially factual in nature are given a wider range of fair use.[75] The rationale for the limitation of copyright protection for factual works is that the Supreme Court and other courts have interpreted that the constitutional requirement for copyright protection requires "an independent creation plus a modicum of creativity. Since facts do not owe their origin to an act of authorship, they are not original and, thus, are not copyrightable."[76]

A third aspect that some authors have noted in the "nature" element is that consideration of it follows an "implied consent" theory similar to the origins of fair use.[77] This concept approaches considerations of the nature of the work by inquiring if the author intended or had an expectation that the work would be copied, and if so that the defense of fair use is proper.[78]

3. *The Amount and Substantiality of the Portion Used In Relation To the Copyrighted Work as a Whole*

The consideration of the amount and substantiality of the portion of the copyrighted work used in relation to the whole is a "quantitative" and "qualitative" examination with no absolute rules.[79] Thus, this factor is one of the most difficult to define and for courts to apply. In some cases, courts have held that copying only a small amount of the work is an unfair use, while in other cases the copying of an entire work has been consid-

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[75] *See, e.g.*, Feist Publ'ns, Inc. v. Rural Telephone Servs. Co, 499 U.S. 340 (1991) (holding that the copying of an entire telephone book is not an infringement because of the factual nature of the work).

[76] *Id.* at 1295-297. The court further noted that compilations of "raw data" are also not copyrightable. *Id.* at 1295. Other courts have followed the lead in *Feist*. *See, e.g.*, Bellsouth Adver. & Publ'n Corp. v. Donnelley Info. Publ'g, Inc., 999 F.2d 1436 (11th Cir. 1993) (arrangement of a yellow pages directory not protectable). *See also* CCC Info. Servs., Inc. v. Maclean Hunter Mkt. Reports, Inc., 44 F.3d 61 (2d Cir. 1994) (automobile market reports not protectable under copyrights); Publications Int'l, Ltd. v. Meredith Corp., 88 F.3d 473 (7th Cir. 1996) (recipe for Dannon Yogurt in cookbook not an infringement of copyright).

[77] *See* MILLER & DAVIS, *supra* note 31, at 356.

[78] *Id.* Note that this approach to nature bodes well with the concept of implied consent which was the basis of fair use. *See supra* note 61. Professor Miller cites to *American Institute of Architects v. Fenichel*, 41 F. Supp. 146 (S.D.N.Y. 1941), as an example. In the *Fenichel* case, the court held that an author of a formbook implied the right to their private use, concluding from the nature of the forms.

[79] *See* Kwall, *supra* note 31, at 743-44.

ered fair use.[80] Perhaps it is this uncertainty about the nature of the "amount" analysis that has lead some authors to regard it as "probably the least important factor."[81]

One key to this factor is consideration of the "quality" and "importance" of the material used as well as the total amount.[82] For example, in *Harper & Row* the Supreme Court found that only a small portion of President Ford's memoirs went to "the heart of the book."[83] However, in *Campbell* the Court held that even if the amount taken was the "heart" of the original work, if no more was taken than necessary then the amount is not excessive.[84]

4. *The Effect of the Use Upon the Potential Market For, or Value of, the Copyrighted Work*

If ever a factor was thought to be the "most important" in the group of factors required for the fair use analysis, this is it, despite its place at the end of the list under § 107. In *Harper & Row*, the Court held that this was "undoubtedly the single most important element of fair use,"[85] however, in *Campbell* the Court changed its position on the dominance of the "effect" factor. First, the Court omitted any reference to the importance of this factor over the others, instead holding that "the importance of this factor will vary, not only with the amount of harm, but also with the relative strength of the showing on the other factors."[86] The *Campbell* Court also rejected any presumption of "unfairness" for large amounts of copying, noting that "no 'presumption' or inference of market harm that might find support in *Sony* is applicable to a case involving something beyond mere duplication for commercial purposes."[87]

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[80] *Id.* Examples of cases where the copying of an entire work has been found to be fair use include the *Sony* case and the *Williams & Wilkins* decision. Furthermore, in parody cases such as *Campbell*, large amounts of original and creative works are allowed to be substantially copied and are still protected by fair use. *But see* Meeropol v. Nizer, 560 F.2d 1061 (2d Cir. 1977), *cert. denied*, 434 U.S. 1013 (1978); Robertson v. Batten, Barton, Durstine & Osborn, Inc., 146 F. Supp. 795 (S.D. Cal. 1956) (both finding use unfair with less than 1% of the copyrighted material used).

[81] *See* NII REPORT, *supra* note 3, at 78.

[82] *See* Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 587 (1994).

[83] 471 U.S. at 564-65.

[84] 510 U.S. 586-87 (quotations from the lower court's decision at 972 F.2d at 1348)

[85] 471 U.S. at 539.

[86] 510 U.S. at 590 n. 21.

[87] *Id.* Noting further, that *Sony* contrasted "*verbatim* copying of the original *in its entirety* for commercial purposes, with the non-commercial context of *Sony* itself." *Id.*

Another important consideration under this factor is that the "inquiry 'must take account not only of harm to the original but harm to the market for derivative works.'"[88] Despite the traditional interpretation of derivative works, as those works which are based upon but "which 'recast[s], transform[s], or adapt[s],' an original,"[89] in *Campbell* the Court interpreted this consideration to extend to the effect of harm to a copyright owner's ability to license its work under this factor as well.[90] The *Campbell* Court, however, did limit this holding by clarifying that the potential market "for derivative uses includes only those that creators of original works would in general develop or license."[91]

E. Improvements in Photocopying: A Challenge for the Fair Use Doctrine

The advent and improvements in photocopying technology over the past century has presented a major challenge for courts in evaluating the scope of the fair use doctrine. In fact, in drafting § 107, "almost the entire attention of Congress with respect to fair use was devoted to one aspect of the technical problem of photocopying, and the complex issues having in general to do with fair use were focused *solely* on the resolution of a single case — educational copying of copyrighted works."[92] In fact, by the time the Senate bill that was to become § 107 was even considered by the House subcommittee, the entire thirty-two-page report on the background

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[88] *Id.*, quoting Harper & Row, Publishers, Inc. v. Nation Enters., Inc., 471 U.S. 539, 568 (1985). *See also* Rogers v. Koons, 751 F. Supp. 474 (S.D.N.Y. 1990), *aff'd*, 960 F.2d 301 (2d Cir. 1992), *cert. denied*, 506 U.S. 934 (1992) (rejecting a claim of fair use in the unauthorized creation of a derivative work).

[89] Castle Rock Entm't v. Carol Publ'g Group, 955 F. Supp. 260, 268 (S.D.N.Y. 1997), citing Durham Indus., Inc. v. Tomy Corp., 630 F.2d 905 (2d Cir. 1980) (modifications in original, and further citations omitted).

[90] 510 U.S. at 590-92. *See also* EDMUND W. KITCH & HARVEY S. PERLMAN, LEGAL REGULATION OF THE COMPETITIVE PROCESS: 1996 CASE SUPPLEMENT 302 (4th rev. ed. 1996) (discussing the effect of the *Campbell* case to start a nucleus from which a "compulsory licensing" scheme may be imposed by courts).

[91] 510 U.S. at 592. Thus parody and criticism have been exempted from proposed compulsory licensing schemes. *See Castle Rock Entm't*, 955 F. Supp. at 271, citing *Campbell*, 510 U.S. at 593; New Era Publ'ns Int'l v. Carol Publ'g Group, 904 F.2d 152, 160 (2d Cir. 1990).

[92] *See* SELTZER, *supra* note 16, at 21 n. 59 and accompanying text citing REGISTER OF COPYRIGHTS, SUPPLEMENTARY REPORT ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW, 89TH CONG., COPYRIGHT LAW REVISION, Pt. 6 (Comm. Print 1965). Professor Seltzer continues to cite specific wording that is omitted here.

of fair use, with the exception of one paragraph, "dealt solely with the question of educational exemptions."[93]

To deal with this problem, the compromise adopted in § 107 is reflected in the preamble to the section and the adoption of the factors. The legislative history to § 107 indicates that the doctrine is to remain flexible to deal with changes in technology. Thus, while the growth of photocopying increased the ability of users to reproduce copyrighted works, the doctrine should be able to change to deal with these developments, and still serve the public interest.

Despite Congress' consideration of photocopying and fair use as the major issue behind the drafting of § 107, courts still find that "Congress has thus far provided scant guidance resolving fair use issues involving photocopying" outside of limited library contexts governed by §108.[94] Moreover, regardless of the flexibility of the fair use doctrine, the development of photocopying has presented a major problem for copyright law and fair use, eventually coming to a head in the 1973 case of *Williams & Wilkins Co. v. United States*.[95]

III. WILLIAMS & WILKINS CO. V. UNITED STATES

A. The Facts and Background of the Case

The first case to deal with the application of fair use to photocopying, *Williams & Wilkins Co. v. United States*[96] actually came before the passage of the 1976 Copyright Act. This case involved a copyright infringement action brought by a publisher of medical journals against the United States for the photocopying practices of the National Institute of Health ("NIH") and the National Library of Medicine ("NLM") involving four journals published by the plaintiff to which the defendant institutions subscribed.[97] While the District Court had found the United States liable, the case was appealed and heard before all seven justices of the then functional United States Court of Claims.[98]

NIH, at the time the suit was brought, maintained a "technical library" for its approximately 4,000 "science professionals," of which 2,000

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[93] SELTZER, *supra* note 16, at 28 n. 77 and accompanying text, citing SECONDARY SUPPLEMENTARY REPORT OF THE REGISTER OF COPYRIGHTS, ch. II (Oct.-Dec. 1975).

[94] American Geophysical Union v. Texaco, 60 F.3d 913, 917 (2d Cir. 1994).

[95] 487 F.2d 1345 (Ct. Cl. 1973), *aff'd by an equally divided court*, 420 U.S. 376 (1975).

[96] *Id.*

[97] *Id.* at 1347-48.

[98] The name of this court has changed several times. It is now referred to as the United States Court of Federal Claims. *See* 28 U.S.C. § 2501 (1994), as amended by P.L. 102-572, § 902(a)(1), 106 Stat. 4156.

held doctorate degrees.[99] The library held 120,000 journals at the time, most of which were medical in nature, divided amongst about 3,000 different titles.[100] The library's practice was to purchase two copies of each journal per issue, maintain one copy in the NIH library and circulate the other among the NIH staff.[101] The court found that "demand by NIH research workers for access to plaintiff's journals (as well as other journals to which the library subscribes) is usually not met by in-house subscription copies" and "consequently, as an integral part of its operation, the library runs a photocopying service for the benefit of its research staff."[102]

The court found that the researchers were allowed to obtain copies of any of the articles in the library's research collection, although the library did have policies to limit the amount that it would photocopy of any one article for a researcher.[103] However, the court also noted that "exceptions" were "routinely made, so long as substantially less than an entire journal is photocopied" and that "co-workers can, and frequently do, request single copies of the same article" which were honored by the library.[104]

The total amount of photocopying by the NIH library was impressive, even for the early 1970's. The library, with an $86,000 budget filled 85,744 requests for photocopies of journal articles, which the court estimated consisted of approximately 930,000 pages or around 93,000 articles.[105]

The National Library of Medicine, whose stated purpose was "to aid the dissemination and exchange of scientific and other information important to the progress of medicine and the public health" also maintained a library which acted as a repository "for much of the world's medical literature."[106] NLM maintained an interlibrary loan program which would furnish either the original document or a photocopy of it based on the General Interlibrary Loan Code.[107] Pursuant to the Code, NLM provided limited photocopies of articles per each request, and indicated that the

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[99] 487 F.2d at 1347.

[100] *Id.*

[101] *Id.* at 1347-48.

[102] *Id.* at 1348.

[103] *Id.* The library's policy was that "as a rule, only a single copy of a journal article will be made per request and each request is limited to about 40 to 50 pages." *Id.*

[104] *Id.*

[105] *Id.*

[106] *Id.*

[107] *Id.* The General Interlibrary Loan Code is "a statement of self-imposed regulations to be followed by all libraries which cooperate in interlibrary loaning."

copy was provided "for the purposes of study or research in lieu of lending the original."[108]

NLM further limited its photocopy activities by not providing copies of articles which were placed on its "widely-available list," providing instead the list and the location of medical libraries where the articles listed could be found.[109] Although NLM, like NIH, would make exceptions if articles were difficult to find, or the request came from a Government library.[110] Furthermore, the "widely-available list" was not used to make rejections for articles over five years old.[111] Moreover, NLM made other limitations on excessive numbers of requests, and never provided more than a single copy of any article.[112]

Similar to NIH, NLM's photocopying activities were quite extensive. In 1968, which the court saw as "a representative year,"[113] NLM received 127,000 requests for interlibrary loans of which 120,000 were filled by photocopying single articles from journals.[114] NLM made no effort to determine the final fate of these articles, and while most of the requests were from other libraries or government agencies, 12% of the requests came from private commercial organizations, particularly drug companies.[115]

The Government conceded that within the pertinent accounting period both NLM and NIH made photocopies of at least one of the eight articles designated by the plaintiff's complaint as Counts I-VIII of the four journals which were involved in the suit.[116] All of the articles that were photocopied were over twenty-one months old, and the requests for them

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108 *Id.* The Code recognized that copyright infringement was a possibility when libraries engaged in interlibrary loans based on photocopies of materials. *Id.*

109 *Id.* at 1349. The plaintiff's four journals involved in the suit were all on the "widely-available list" at NLM.

110 *Id.*

111 *Id.*

112 *Id.* After 1968, NLM had a policy to not honor excessive numbers of requests from an individual or an institution. As a general rule not more than twenty requests from an individual or thirty requests from an institution would be filled. Prior to 1968, NLM had a general policy to prevent "excessive copying." Furthermore, requests of more than fifty pages of material were usually not honored, unless NLM decided to make an exception, which mostly occurred in cases of Government institutions. *Id.*

113 While the court cites 1968 as a representative year for NLM, it is interesting to note that this is the year before explicit NLM photocopy limitation practices were put in place. *See supra* note 48.

114 *Id.*

115 *Id.*

116 *Id.*

came from either NIH researchers or an Army medical officer stationed in Japan.[117]

The *Williams & Wilkins* court noted that under the plain language of the 1909 statute, the Government had clearly infringed plaintiff's copyrights.[118] However, American courts had refused to apply the statute literally since its adoption,[119] in part limiting the rights of copyright holders by the equitable doctrine of fair use, which the *Williams & Wilkins* court stated made "some forms of copying . . . universally deemed immune from liability, although the words are reproduced in more than de minimis quantity."[120] It is against this backdrop that the Court of Claims sought to answer the question of whether photocopying for purposes of medical research was protected by the doctrine of fair use.

B. The "Givens"

In its fair use analysis, the *Williams & Wilkins* court relied on those phenomena it accepted as "givens" as examples of fair use. Specifically, the court held that "it is almost unanimously accepted that a scholar can make a handwritten copy of an entire copyrighted article for his own use" or "that he could have his secretary make a typed copy for his personal use and files," and that these two examples were among the court's "givens" of "customary facts of copyright life."[121] The court relied on other similar examples of the "givens" throughout the analysis of the case.[122]

Although it is normal to find difficulty with the court's reliance on such seemingly arbitrary examples, in considering that the court found "no prior decision which is dispositive and hardly any that can be called even close" it is more understandable that the court would rely on what it knew when it made "its own appraisal."[123] Considering that fair use was developed as an equitable doctrine, and that was rarely litigated until after the passage of the 1976 Copyright Act,[124] it is more understandable that the court would rely on what it saw as clear examples of fair use in the absence of any similar precedent.

Perhaps the most remarkable thing about the "givens," and the most problematic, is that the *Williams & Wilkins* court provided no basis for its holding that these examples were so "customary" as to be almost "univer-

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117 *Id.*

118 *Id.* at 1350.

119 *See* Lape, *supra* note 35, at 688 (discussing court use of the doctrine of fair use despite its clear absence from the Copyright Act of 1909).

120 *Id.*

121 *Id.*

122 *See, e.g., supra* note 77 and accompanying text.

123 487 F.2d at 1353.

124 *See generally* Lape, *supra* note 35.

sally" accepted fair use. Nonetheless, this is the framework within which the court tried to analyze a case that involved photocopying based on its similarity in purpose and style of reproduction.

C. *Fair Use Analysis in* Williams & Wilkins

1. *Fair Use Before § 107*

Although it reached its decision three years before the codification of § 107, the *Williams & Wilkins* court considered a set of fair use factors developed through the common law nearly identical to the wording of the statute.[125] The court considered that as a "general listing" in its determination if the use was "fair" it would consider "(a) the purpose and character of the use, (b) the nature of the copyrighted work, (c) the amount and substantiality of the material used in relation to the copyrighted work as a whole, and (d) the effect of the use upon a copyright owner's potential market for and value of his work."[126] Unfortunately, the court did not address these factors specifically or discretely, but instead intermingled its consideration of the factors with other issues such as the legislative history of the 1909 act, the potential for harm to the parties, the role of international laws on other copyright systems for medical research photocopying, and the goals of the copyright statute and Constitution.

2. *The Purpose and Character of the Use*

The court's consideration of the purpose of the use is initially demonstrated by its adoption of the record that NIH and NLM were actively seeking scientific, research, and educational purposes,[127] and by its consideration of the "harm to science" that would occur if the court found that the practices of NIH and NLM were copyright infringements.[128] Furthermore, the court "emphasize[d]" that NIH and NLM "are non-profit institutions, devoted solely to the advancement and dissemination of medical knowledge which they seek to further by the challenged practices, and are not attempting to profit or gain financially by the photocopying."[129] Moreover, the court found that the "scientific researchers and practitioners who need the articles for personal use in their scientific work . . . have no purpose to reduplicate them for sale or other general distribution" and that "the copied articles are scientific studies useful to the requesters in their work."[130]

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125 *See supra* note 43 and accompanying text.
126 487 F.2d at 1352.
127 *See supra* notes 99-102 and 107.
128 *See* 487 F.2d at 1354.
129 *Id.*
130 *Id.*

The Court considered this characterization, that the copies were used to "gain easier access to the material for study and research," an "important" consideration because "the law gives copying for scientific purposes a wide scope."[131]

The Court of Claims further noted the character of the use favored a finding of fair use because NIH and NLM had both "declared and enforced reasonably strict limitations" which in the court's opinion kept "the duplication within appropriate confines."[132] Other factors important to the court were the low rate of duplication in photocopies, the fact that NIH's photocopying practices remained "in-house," and the "five year" policy which limited much of the copying at NLM to older journals.[133]

4. The Nature of the Copyrighted Work

The *Williams & Wilkins* court viewed the "nature of the materials" in light of the balance between the rights of copyright holders and whether the dissemination of information "would serve the public interest."[134] The court also noted that whether the preparation of the work required "some use of prior materials dealing with the same subject matter" would also be a consideration for "nature."[135]

5. The Amount and Substantiality of the Material Used in Relation to the Copyrighted Work as a Whole

The Court of Claims helped to define its view of "amount" by directly attacking the notion that copying of an entire work could never be fair use.[136] Again the court referred to some examples that it considered clear examples of fair use, such as a "handwritten or typed copy of an article for personal use" or copies of "poems, songs or such items which have long been made by individuals and sometimes given to lovers and others," copies of materials for attorneys and courts to use for litigation, and copies of recent court decisions with the publishing company's headnotes and ar-

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131 *Id.* For the notion that the law gives copying for science a wide scope the court cited to *Rosemont Enters., Inc. v. Random House, Inc.*, 366 F.2d 303, 306-07 (2d Cir. 1966); *Loew's, Inc. v. Columbia Broad. Sys., Inc.*, 131 F. Supp. 165, 175 (9th Cir. 1956), *aff'd by an equally divided court*, 356 U.S. 43, 78 (1958); *Greenbie v. Noble*, 151 F. Supp. 45, 67-68 (S.D.N.Y. 1957); and *Henry Holt & Co. v. Liggett & Myers Tobacco Co.*, 23 F. Supp. 302, 304 (E.D. Pa. 1938).

132 487 F.2d at 1354.

133 *Id.* at 1354-55. The court further noted that it thought the exceptions to these practices were not irrational or unreasonable. *Id.*

134 *Id. See infra* notes 150-151 and accompanying text (further noting the court's consideration of the purpose of copyright law). *See also supra* note 12 and accompanying text (noting constitutional purposes of copyright law).

135 487 F.2d at 1352-53.

136 *Id.* at 1353.

rangements or even annotations, all of which, copied in their entirety the court saw as clearly fair use.[137] The court again provided no authority for regarding these uses as fair, but relied on intuition and customary practices as its basis for using these examples. The court concluded by stating that "there is, in short, no inflexible rule excluding an entire copyrighted work from the area of 'fair use,'" and that "the extent of copying is one important factor, but only one, to be taken into account, along with several others."[138]

6. *Effect on Copyright Owner's Potential Market For, and Value of, the Author's Work*

The *Williams & Wilkins* court considered the effect of the use upon the copyright owner's potential market for, and value of, his work by considering the unlikelihood of substantial harm arising from the copying practices of NIH and NLM.[139] This was an important factor for the court, and the record reveals that it was one that the parties argued strongly.

Specifically, the court, on the basis of the record decided that the plaintiff had not shown any harm resulting from the acts of the defendants,[140] while expert testimony had shown that the company had actually profited during the years that NIH and NLM made the copies, and that it may have even been benefited by their use.[141] The court additionally rejected the trial court's holding that an unspecified amount of harm had been created by the purchase of less journals due to NIH's and NLM's practices because each user was a potential subscriber.[142]

The court also rejected the trial court's second contention, that all users were "at least a potential source of royalty income for licensed copying."[143] Ironically the court's rationale for this rejection only appeared in a footnote of the decision. The *Williams & Wilkins* court rejected measuring harm to the plaintiff by "loss of a presumed royalty income." The court reasoned that because such a measurement, according to the court "assumes that plaintiff had a right to issue licenses," and the court reasoned that such a license would only be possible if it was "first decided

137 *Id.*

138 *Id.* at 1354.

139 *Id.*

140 "Defendants" as used in this paper refers to NIH and NLM collectively. It is appropriate to note that this is an intentional misnomer of the "defendants" in the *Williams & Wilkins* decision, where the only true "defendant" was the United States. However, for ease of reading and comprehending the facts the authors have decided to treat NIH and NLM separately in most situations, and combine them under this title.

141 487 F.2d at 1357-58.

142 *Id.* at 1357.

143 *Id.*

that the defendant's practices did not constitute 'fair use.'"[144] Thus, the court reasoned, it would be inappropriate to initially consider a license a potential loss before determining if the use was fair.

Furthermore, the court instead of adopting the plaintiff's arguments that journal subscriptions were harmed, considered the alternative, that NIH and NLM would simply do without.[145] With this consideration the court reached what it considered the most compelling factor for its determination for the case, that the progress of science would be harmed by the "drastic reduction" of articles that would result as well as the "financial, time-wasting, and other difficulties of obtaining the material . . . [that, although] not absolutely crucial to the individual's work" may be "stimulating or helpful."[146]

Another important element that weighed in favor of finding fair use was the court's observation that the "authors" of the journals "with rare exceptions are not paid for their contributions, and those societies which share profits do not press for greater financial cases."[147] In fact, NIH and NLM managed to present scientists at trial who testified that they "favored photocopying as an aid to the advancement of science and knowledge."[148] The bottom line for the court was that the "record fails to show that plaintiff (or any other medical publisher) has been substantially harmed by the photocopying practices of NIH and NLM, it does show affirmatively that medical science will be hurt if such photocopying is stopped."[149] Because the "burden to medical science" would be "much greater" than the "present or foreseeable burden on the plaintiff and other medical publishers," the court was compelled to decide that NIH's and NLM's use of the copyrighted journal articles was fair use.[150]

D. The Need for Legislative Mandates to "Accommodate the Interest of Science with those of Publishers (and Authors)" and to "Compel" Licensing

The *Williams & Wilkins* court was very aware of the atmosphere in which it made its decision. The Congress had been engaged in the process of promulgating what would become the Copyright Act of 1976 when the court reached its decision. Mindful of both the proposed legislation and the negative effects of increasing the boundaries of copyright law by a ju-

144 *Id.* at 1357 n. 19.
145 *Id.* at 1358.
146 *Id.*
147 *Id.* at 1359.
148 *Id.*
149 *Id.*
150 *Id.*

dicial holding, the court decided that its decision was in the best interests of public policy in the absence of a Congressional mandate.[151]

Specifically, the court was concerned about the problems of photocopying and the lack of a legislative mandate for courts to order compulsory licensing.[152] The first concern was part of the court's rationale for why it should give the "benefit of the doubt — until Congress acts more specifically [on the issue of photocopying and fair use], to science and libraries rather than to publishers and owners."[153]

The second concern the court raised in response to the plaintiff's argument that it was willing to license the libraries on the payment of a "reasonable royalty,"[154] was that the 1909 Copyright Act did not provide any compulsory licensing system, and the court doubted "any satisfactory system [could] be created without legislation."[155]

The court reasoned that despite whatever criticisms or flaws that anyone might find with the 1909 Act, it was the applicable law at the time, and that "intermediate or compromise solutions" were, thus, not within the court's authority.[156]

E. The Supreme Court and the Williams & Wilkins *Decision*

Following the Court of Claims decision, the *Williams & Wilkins* case was appealed to the Supreme Court, which granted certiorari to hear the case,[157] a decision that reflected both the importance of the case and the fact that it was only the second "fair use" case to ever be granted certiorari by the Court before the 1976 Copyright Act came into effect.[158] Unfortunately, Justice Blackmun removed himself from considering the decision.[159] The remaining members of the Court received briefs and heard

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151 *Id.* at 1359-60.

152 *Id.*

153 *Id.* at 1359.

154 *Id.*

155 *Id.* Interestingly, one of the authorities that the *Williams & Wilkins* Court relied on for its holding on this point was then future-Justice Stephen Breyer's article, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies, and Computer Programs* (*see* Breyer, *supra* note 21). *Id.* at 1360 n. 24.

156 *Id.* at 1360-61.

157 420 U.S. 376 (1975).

158 Frank & Higgins, *supra* note 28, at 13 n. 17. The only other case to reach the Supreme Court was *Columbia Broad. Sys., Inc. v. Loew's Inc.*, 356 U.S. 43 (1958). Ironically *Columbia Broad. Sys.*, like *Williams & Wilkins* was also decided in a 4-4 split.

159 *See* 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT §13.05[E][4][D], at13-254 n. 578 (1997). Professor Nimmer states that Justice Blackmun did not cite a reason for removing himself, but speculation was made that it was due to his private practice representation of the Mayo

oral arguments[160] before splitting in a four-to-four affirmation of the Court of Claims *per curium*, without the benefit of any written opinion or analysis.[161] Thus, leaving open the question of how valid was the Court of Claims decision.

IV. ANALYSIS OF THE WILLIAMS & WILKINS *DECISION*

A. Williams & Wilkins, *the Good and the Bad of the Court's Fair Use Analysis*

The *Williams & Wilkins* decision sparked controversy that remains to this day. It is a decision which was difficult to reach, as evidenced by the split 4-3 Court of Claims and the 4-4 Supreme Court decisions. Considering the criticism and controversy surrounding the case, the question becomes how appropriately did the *Williams & Wilkins* court apply the application of the doctrine of fair use to the facts of the case? A thorough analysis of the case reveals that an important legacy, in addition to the legacy of criticism, resulted from the court's application of the fair use factors.

1. The Purpose and Character of the Use

What was the purpose and character of NIH's and NLM's use in the *Williams & Wilkins* decision, and did the court decide this element correctly? It seems clear that the use by medical researchers and scientists promoted purposes of "research," and "the progress of science and the useful arts." The purpose factor on its face clearly favored a finding of fair use which was in the public's best interest. Thus, the court's decision on this point was plainly appropriate.

What about the commercial nature of the use? The *Williams & Wilkins* court emphasized the non-commercial nature of the use of the NIH and NLM scientists of the copyrighted work. This is one point, which we will see again in the *Texaco* decision, which brings to light many questions and problems. For example, should the use by the NIH researchers be considered "individual use" or use by NIH as a whole? What about the benefits to corporations through NIH's research or by NLM's loans to their research libraries?

While these questions are valid, the court's decision appears to be the most appropriate one, considering the use in the light of the individual researchers or of NIH and NLM as a whole. Public policy favors that uses

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Foundation which had joined in one of the *amicus curiae* briefs on part of the defendant. *Id.*, citing N.Y. TIMES, Feb. 26, 1975 at 17.

[160] An interesting presentation of one section of this oral argument is the introduction to Professor Casarez' paper. *See* Casarez, *supra* note 33, at 642-44.

[161] 420 U.S. 376 (1975).

by research institutions, whose findings benefit the progress of medical science, should be fair use, and it is unlikely that NIH and NLM could be characterized, even under *Sony*'s scrutiny, of having a profit motive. While this element of purpose and character was downplayed by the Second Circuit in the *Texaco* decision, it actually remains an important distinction in how the two courts applied fair use to the cases before them.

What about the transformative value of the use? This factor is another one of the major distinctions between this case and the *Texaco* decision that has had a profound effect on the scope of fair use in photocopying. Clearly, this was not a consideration in *Williams & Wilkins*. Did the court miss a required consideration of the purpose or character requirement?

The answer in this case is no for several reasons. First, the "transformative" requirement, while used in Justice Story's *Folsom v. Marsh* decision,[162] actually remained absent almost entirely from American case law until it was revived as a rationale for the allowance of videotaping entire works in the *Sony* decision, and then further endorsed in the *Campbell* decision.[163] Furthermore, while used as a rationale in *Sony*, the "time shifting" basis of transformative use for video reproduction of entire tapes is not too terribly distinguishable from the "location shifting" from the NIH library to the individual researchers' laboratories. Lastly, the plain language of § 107's preamble contemplates photocopying for educational and research uses, and other uses which require verbatim copying of materials.[164] Considering the facts that considerations of the "transformative" nature of the use was rare at the time *Williams & Wilkins* was decided, and that it was consistent with other decisions that allowed copying when the public interest favors it,[165] the court's holding on the purpose and character of the use was, and remains, appropriate.

2. *The Nature of the Copyrighted Work*

The Court of Claims did not particularly focus on the nature of the work discretely in *Williams & Wilkins*. However, the court's determina-

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[162] *See supra* note 19. *See also* Frank & Higgins, *supra* note 28, at 3-7 (giving a brief synopsis of the *Folsom* decision, including its strong emphasis on "transformative use").

[163] *See generally*, Lape, *supra* note 35 (discussing the lack of a transformative use requirement in American law until recent decisions). *See also* Frank & Higgins, *supra* note 28, at 15 (noting that most modern courts have found that public interest requirements outweigh the type of transformation requirement expressed in *Folsom*).

[164] *See supra* note 43 and accompanying text (wording of preamble to 17 U.S.C. § 107). Examples would be for scholarly criticism or for news reporting.

[165] Frank & Higgins, *supra* note 28, at 14-15.

tion that this factor would favor a finding of fair use finds support in other Supreme Court decisions as well as the plain language of § 107.

The materials used by NIH and NLM were scientific journal articles, almost completely factual in nature. The line of cases led by *Feist* eliminating the "sweat of the brow doctrine"[166] limited the copyrightable of factual materials. The first consideration of the nature of the work supports the court's determination that the use was fair.

Moreover, the court's determination is arguably supported under an implied consent theory as well. The journal articles in the case are clearly intended to be used in a market by researchers for that purpose. Scientific and technical medical journals are rarely kept around for "light reading," but are rather used for improving on the research of others. In fact without such articles, these journals would probably not exist. A goal of the authors is to gain the respect of their peers and a professional reputation through the fora such journals provide.[167] While the "owners" of the copyrights are the publishers and not the authors who contributed the works, the nature of the industry suggests that at least there was strong knowledge on the part of the publishers that the works they own are of a nature that would apparently "imply consent" to copy. For these reasons, the court's determination of the nature of the copyrighted work also is appropriate.

3. The Amount and Proportionality of the Work Used

The next two factors present the more difficult areas for the *Williams & Wilkins* decision. When it came to "amounts," *Williams & Wilkins* posed the challenge of the extent of the photocopying practice performed by NIH and NLM,[168] and the fact that the works were copied in their entirety. One of the main legal problems that this court was faced with was whether copying of an entire work could ever constitute fair use, because the practice of NLM and NIH was to copy the whole copyrighted work before distribution.[169]

The court placed its rationale for not weighing the amount requirement heavily against NIH and NLM on the "givens" it had adopted.

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[166] *See supra* note 75 and accompanying text.

[167] *See, e.g.*, Budde, *supra* note 1, at 2026. Ms. Budde, an experienced scientific researcher, notes that "Copyright protection does not motivate these authors to write. Authors of scientific articles seek renown and are motivated to promote the widest possible dissemination and use of their works." *Id.* Furthermore, she notes that publishers of such articles have a guaranteed market because of the nature of the people who contribute and read the articles. *Id.*

[168] This point will be dealt with later in the paper, *see infra* Section III.

[169] *See* 487 F.2d at 1353.

While the "givens" have been severely scrutinized,[170] and lack any citation to their authenticity, there is at least some basis for their defense. First, the Court of Claims had found no other case which they believed compared to the problem posed in *Williams & Wilkins*. While this may be questioned, considering the lack of "fair use" cases in the courts, and total absence of any Supreme Court or legislative guidance, it is at least understandable that the Court might feel compelled to resort to analogy. Furthermore, the equitable nature of the fair use doctrine would support such wide application of rationale by judges.

Despite these reasons, without the *Sony* decision, the decision to allow the proportionality of copying would seem extremely suspect. However, in *Sony*, the Supreme Court affirmed the principle that entire works may be copied and still be considered "fair use."[171] Similarly, decisions involving "reverse engineering," when performed by commercial corporations have also allowed the copying of entire works.[172] Because the *Sony* decision reached a similar conclusion to *Williams & Wilkins* on the question of whether the reproduction of an entire work could be fair use, the court's decision is at least somewhat tenable.

4. The Effect of the Use on the Owner's Market

The other element in the fair use analysis which was difficult and controversial for the *Williams & Wilkins* court was the market effect of the use on the copyright owners. The two problems which faced the court were 1) the actual harm to the plaintiff and, 2) the question of whether the plaintiff's licensing opportunities should be considered in the court's consideration of the effect of the defendants' use.

The court dealt with the plaintiff's argument, that it had actually suffered market harm from a decrease in subscriptions as a result of NIH's and NLM's use of the journal articles, by first and foremost emphasizing the plaintiff's inability to show any actual harm.[173] The court focused on

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[170] *See* NIMMER & NIMMER, *supra* note 159, at [13][E][4][a], at 13-247 to 13-248. Professor Nimmer notes the lack of any cases in this area. He furthermore argues that the drudgery of hand written copying would in many cases prevent the copier from committing infringement.

[171] Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417, 447-55 (1984) (discussing fair use for "time shifting" use of video recorded programs).

[172] *See, e.g.*, Sega Enters., Ltd. v. Accolade, Inc., 977 F.2d 1510 (9th Cir. 1992).

[173] It is interesting to note here the procedural setting of the case, the Court emphasis on the plaintiff's failure to show actual harm through NIH's and NLM's practices really appropriately applies initially more to the issue of the plaintiff's ability to make out all the elements of a prima facie case, rather than the determination that the defendants' photocopying is fair use. If the Court focused on Williams & Wilkins inability to show harm, it is somewhat understandable, considering the lack of judicial decisions on fair

the health of plaintiff's business, and expert witnesses that testified that the plaintiff's publications may have even benefited by NIH's and NLM's photocopying practices.[174] Lastly, the court emphasized the possibilities that NIH, NLM, and their researchers would not subscribe to more journal articles, and the researchers would have to do without the benefit of easy access.[175]

Was the Court of Claim's analysis of this direct market effect on the plaintiff fair? Intuitively, the answer seems to be yes, however the answer probably is both yes and no. Instinctively, it seems that the court erred in not finding that NIH and NLM would probably order more subscriptions to meet their researcher's needs. Furthermore, by not focusing on any proof that NIH and NLM would not have subscribed to more journals the court did not give adequate consideration to this point. However, despite the instinct to find error in the court's holding, the point that research libraries when faced with suits for infringement would probably not subscribe to more journals actually was reinforced by the *Texaco* decision, which reached the same conclusion after a more focused inquiry.[176] Thus, similar to the *Sony* decision's impact on the proportionality of the work used, the *Texaco* decision supports this controversial holding of the *Williams & Wilkins* court, and indicates that on this question the court decided the fair use issue appropriately.

The more daunting problem for the fair use analysis is the question of whether licensing should have been considered in the court's analysis of the effect of NIH's and NLM's use of the plaintiff's copyrighted works. The *Williams & Wilkins* court cited many reasons for rejecting the proposed licensing schemes presented by the plaintiff as necessary for consideration. Primarily, the court relied on the absence in the Copyright Act of any type of compulsory licensing scheme for this type of situation. Hopeful that the new Copyright Act would adequately deal with this issue, the court reinforced the notion that this type of imposition of licensing was beyond the ability of the court.

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use at this time, and the "dual" nature of fair use as both a privilege and an affirmative defense. *See, e.g.*, MILLER & DAVIS, *supra* note 31, at 348-49 (fair use a legal privilege dictated by public policy); Kwall, *supra* note 31, at 727 (fair use an affirmative defense). Most courts have actually adopted an affirmative defense view of fair use, and as such the lack of harm should be the burden of the Government in this case. Alternatively, the Court may have focused on the Government's efforts to show lack of harm in proving its fair use defense and this would mesh with the modern "affirmative defense" nature of the doctrine.

[174] *See* notes *supra* 125-136 and accompanying text for discussion.

[175] *Id.*

[176] *See* American Geophysical Union v. Texaco, 60 F.3d 913, 928 n. 15 (2d Cir. 1995).

Based on this primary concern, the *Williams & Wilkins* court reached the appropriate decision not to consider licensing alternatives as potential harm to the plaintiff. Though fair use is a judicially created doctrine, copyright is purely a statutory creation under American law. It would be clearly inappropriate for the court to fashion remedies beyond those with which it was provided. Moreover, the court deferred the resolution of this problem to the Congress, an institution which it viewed as better equipped to deal with the public policy concerns in research-based photocopying and copyrights.

5. *A Fifth Factor, Reasonable and Customary Use?*

Another factor which was important in the court's decision was what has come to be characterized as "reasonable and customary use."[177] The court's reliance on the "givens" amply demonstrated in *Williams & Wilkins*. The court used these examples, of what it saw as common practice to reinforce its findings that in some cases entire works may be copied for use,[178] and also that the market for licensing of scientific journals is not a reasonable or customary remedy to be considered under the fair use analysis.[179]

The court's reliance on reasonable and customary use was an appropriate "fifth factor." The first reason that the reliance on this "fifth" factor is appropriate is that the listed factors in § 107 are "not exclusive."[180] Other examples of factors that have been applied by courts in determining the fair use issue include "good faith" and "public interest."[181] Notably, "public interest" may even be a better characterization of a "fifth" or "sixth" factor on which the *Williams & Wilkins* court relied in its analysis.

Moreover, whether considered with the nature of fair use "reasonable and customary use" is highly relevant to several of the factors. The implied consent theory of the general fair use doctrine, and in the "nature of the work" factor, should actually require courts to consider this factor in appropriate cases. Considering these factors, the *Williams & Wilkins* court consideration of such use was justified in its considerations of reasonable and customary use of photocopying and licensing.

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177 *Williams & Wilkins*, 487 F.2d at 1350.

178 *Id.* For example, the court cited to the Agreement or Understanding relied on by the Library of Congress at the time of the adoption of the 1909 Copyright Act as one source of what was "reasonable and customary." It found that the Library of Congress standard allowed distribution through photocopying of articles to other libraries throughout the U.S. if limited in some fashion. *Id.*

179 *Id.* at 1360.

180 *See* PATRY, *supra* note 28, 363 nn.13-14 and accompanying text.

181 *See* Frank & Higgins, *supra* note 28, at 12-13.

B. Did the Williams & Wilkins *Decision Unfairly Compare Apples With Oranges?*

A good portion of the underlying "uneasiness" that arises when considering a complete adoption of the *Williams & Wilkins* holding may arise from the nature of the decision, which might be called judicial comparison of "apples and oranges."[182] The court often blatantly focused on such different factors when it weighed the public policy interests of all of "science," against the actual harm to the plaintiff in its decision. Similarly, the court partially dismissed the tremendous amount of photocopying performed by NIH and NLM by selectively viewing the narrow issue of whether the plaintiff had shown actual harm.

The amount of photocopying performed by NLM and NIH was indisputably tremendous in amount of works actually copied.[183] On this question of the scale of the copying practices the court's answer was to refer to the overall size of the NIH and NLM operations as its rationale for why the amount of photocopying was "excessive or disproportionate."[184] This factual holding is questionable considering the lesser scope of copying that is usually not considered fair use in most cases.[185]

Perhaps, these reasons suggest a better argument for why *Williams & Wilkins* has not been followed. However, considering the issues with which the case dealt, and the appropriateness of much of the court's decisions, the question becomes what does *Williams & Wilkins* stand for that is still "good law?"

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[182] The credit for this "apples and oranges" characterization of the *Williams & Wilkins* case goes to Professor Charles McManis of Washington University School of Law, with whom we have discussed (and sometimes debated) the merits of this case on several educational (and enjoyable) occasions. However, Professor Nimmer in his treatise on copyright also discusses the problem of differing scope in the court's analysis at some length. *See* NIMMER & NIMMER, *supra* note 159, § 13.05[E][4][c], at 13-252. Specifically, he notes that the court limited the view of harm to the plaintiff to the specific NLM/NIH market while the injury to the public was analyzed in the harm to medicine viewpoint. *Id.* However, in the case of NIH/NLM, it is not clear that the court in *Williams & Wilkins* was improper in its scope due to the impact these *particular* institutions have on medicine. Unfortunately, it is not clear from the court's decision, and an interpretation consistent with Professor Nimmer's view is reasonable, and probably correct.

[183] *See supra* note 102 and accompanying text. *See also* NIMMER & NIMMER, *supra* note 159, §13.05 [E][4][b], at 13-248 n. 556 (comparing the publishing to "that of a publishing house").

[184] 487 F.2d at 1355.

[185] *Id.*

C. *What is The Status of the* Williams & Wilkins *Holding?*

To this day, *Williams & Wilkins* remains, technically at least, "good law." The case has never been overruled.[186] Moreover, because § 107 does not seek to change the application or scope of the fair use doctrine, cases before and after the passage of the 1976 Act are appropriate for consideration, including *Williams & Wilkins*.[187] Furthermore, *Williams & Wilkins*, has been cited to extensively by other cases, as representative of the principle that entire works may be copied and still be qualified as fair uses,[188] and for other propositions.[189]

Despite this status of technical viability, even before the *Texaco* decision, a skilled practitioner would hesitate to argue a case based solely on *Williams & Wilkins*, due to the academic criticism of the case, most notably from perhaps the most renowned author on copyright law, Professor Melville Nimmer.[190] Furthermore, the *Williams & Wilkins* decision was seen by many as overruled by the passage of 17 U.S.C. § 108, which provides limited exemptions for "library" photocopying.[191]

Many authors and courts have also either limited or distinguished the holding in *Williams & Wilkins* in one way or another. The main method the decision is narrowed in focus is to consider the case to merely involve "library" photocopying.[192] Other cases have sought to find ways to distinguish *Williams & Wilkins* when they reached decisions that were contrary

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186 *See* MILLER & DAVIS, *supra* note 31, at 354.

187 *See* PATRY, *supra* note 28, at 261.

188 *See, e.g.*, Marcus v. Rowley, 695 F.2d 1171, 1177 n. 9 (9th Cir. 1983).

189 *See, e.g.*, Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417, 431 (1984), citing *Williams & Wilkins* (among other cases) for the proposition that the judiciary's reluctance to expand the protections afforded by copyright is a recurring theme.

190 *See* NIMMER & NIMMER, *supra* note 159, § 13.05[E][4][d], at 13-253 to 13-256. Professor Nimmer has categorized the case as seriously flawed and cited with support the dissent's characterization of the case as the "Dred Scott" decision of copyright law. *Id. See also* HAROLD B. ABRAMS, THE LAW OF COPYRIGHT 109-12 (Revision 7 1997); MILLER & DAVIS, *supra* note 31, at 354 (also noting academic criticism of *Williams & Wilkins*). Part of Professor Nimmer's basis for attacking the validity of the decision is Justice Blackmun's withdrawal from the case combined with his later writings. However, in light of the settlement decision in *Texaco*, and the make-up of the current Court (notably Justice Stephen Breyer who has categorized copyrights for books as unnecessary; see *supra* note 21, and Justice Antonin Scalia who has so strongly focused on literal language of statutes over legislative history) a similar argument based on *Texaco* may actually suggest a contrary result to Professor Nimmer's *Williams & Wilkins* argument that the Supreme Court would decide the case differently.

191 *See* 17 U.S.C. § 108 (1994).

192 *See, e.g.*, Frank & Higgins, *supra* note 28, at 10; MILLER & DAVIS, *supra* note 31, at 354. *But see* Encyclopedia Briticanica Educ. Corp. v. Crooks, 542 F.

to the principles of its holding.[193] Furthermore, scholars who would box the *Williams & Wilkins* decision into the narrow framework of "library" photocopying have gone as far as to claim that the 1976 Copyright Act overruled the case,[194] this despite the fact that the Act actually incorporated language in § 107 chosen by Congress which "parallels" the language of the *Williams & Wilkins* parts of the court's decision.[195]

Finally, the *Texaco* decision has been seen by many as the final blow to *Williams & Wilkins* decision.[196] The similarity of the cases, and the fact that the Court explicitly rejected Texaco's arguments based on the *Williams & Wilkins* holding, somewhat support this conclusion.

Despite this criticism and attempts to limit its holding, *Williams & Wilkins* has not gone away. Though courts and scholars have attacked the case, no court has overruled it, or suggested that it is no longer precedent. This fact begs the question: Why does *Williams & Wilkins*, after being strongly criticized and distinguished, remain within the spectrum of fair use decisions?

D. Obstacles to Revisiting the Williams & Wilkins *Decision*

There are several reasons why the issue of fair use and photocopying for research purposes has reached the Supreme Court on only two occasions in the past twenty-five years, and why the precise issues of federally-funded or non-profit research photocopying as fair use have not been revisited since the *Williams & Wilkins* decision. One reason why cases such as *Williams & Wilkins* are not common is the fact that many research organizations consider licenses such as those offered by the CCC to be quite reasonable and so voluntarily license their photocopying practices.[197] An-

Supp. 1156, 1166 (W.D.N.Y. 1982) (characterizing *Williams & Wilkins* as fair use for "scholarly research and copying").

193 *See, e.g., Crooks*, 542 F. Supp at 1166; *See also* ABRAMS, *supra* note 190, at [15] 143-144 (discussing Judge Leval's original *Texaco* decision which distinguished itself from *Williams & Wilkins* on at least six points).

194 *See* Patry, *supra* note 38, at 450.

195 *See* MILLER & DAVIS, *supra* note 31, at 354.

196 *See, e.g.*, NIMMER & NIMMER, *supra* note 159, § 13.05[E][4][d], at 13-257.

197 *See id.*, § 13.05[E][4][e], at 13-259. *See also* American Geophysical Union v. Texaco, 802 F. Supp 1, 18-19 (S.D.N.Y. 1992); NII REPORT, *supra* note 3, at 82. Other agencies may not engage in licenses through the CCC but offer other licensing agreements or recognition. *See* Kwall, *supra* note 31, at 772. However, Professor Kwall notes that the majority of federal agencies in her survey do not license, or do so only in limited situations. *Id.* The National Science Foundation, the State Department, and the National Endowment for the Arts are examples of agencies that rely on either grants or licenses in copyright matters. *Id.* Government agencies who provide grants may not be sued under § 1498(b) and so are shielded from copyright infringement on that grounds. *Id.*

other reason is that the amount of litigation, or motivation to litigate, probably has been less than in situations involving research motivated photocopying than against other types of copying. Despite the contribution of these two factors, in the area of federally-funded research-photocopying the primary obstacle to such a case may actually be 28 U.S.C. § 1498(b) which was intended to authorize such suits against the Government.[198]

Section 1498(b) provides a very narrow route to bring suit against the federal government for copyright infringement with limitations on potential causes of action, jurisdiction, and damages.[199] The effect of these limitations under § 1498(b) is that of the several cases brought against the federal government since it waived sovereign immunity by § 1498(b),[200] only one reported case brought under § 1498(b) has resulted in damages

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[198] *See* NIMMER & NIMMER, *supra* note 159, § 12.01[E][1], at 12-32. The issue of State Government liability for copyright infringement is a complicated area of law involving judicial interpretations of the Eleventh Amendment. *See generally id.*, § 12.01[E][2][a], at 12-37, 12-48 (discussing actions against state governments for copyright infringement). Accordingly, the specific issues of state liability are beyond the scope of this paper since they do not bear directly on the key cases regarding research photocopying and fair use.

[199] Specifically, 28 U.S.C. § 1498(b) (1994) provides in pertinent part that:

> Hereafter, whenever the copyright in any work protected under the copyright laws of the United States shall be infringed by the United States, by a corporation owned or controlled by the United States or by a contractor, subcontractor, or any person, firm, or corporation acting for the Government and with the authorization or consent of the Government, the exclusive remedy of the owner of such copyright shall be by action against the United States in the Court of Federal Claims for the recovery of his reasonable and entire compensation as damages for such infringement, including the minimum statutory damages as set forth in section 504(c) of title 17, United States Code:
>
> Except as otherwise provided by law, no recovery shall be had for any infringement of a copyright covered by this subsection committed more than three years prior to the filing of the complaint or counterclaim for infringement in the action, except that the period between the date of receipt of a written claim for compensation by the Department or agency of the Government or corporation owned or controlled by the United States, as the case may be, having authority to settle such claim and the date of mailing by the Government of a notice to the claimant that his claim has been denied shall not be counted as a part of the three years, unless suit is brought before the last-mentioned date.
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> 28 U.S.C. § 1498(b) (1994).

[200] *See, e.g.*, Freiman v. Seel, 43 U.S.P.Q.2d 1062 (E.D. Pa. 1997); Freiman v. Lazur, 925 F. Supp. 14 (D.C. Cir. 1996); Brandin v. United States, 95 Civ 2689 (WK) (S.D.N.Y. 1996); Herbert v. United States, 36 Fed. Cl. 299 (Fed. Cl. 1996); Pourain v. Processing, Inc., 722 F. Supp. 1354 (E.D. Va. 1989).

for copyright infringement against the U.S. Government.[201] Moreover, that case only resulted in a verdict of less than one thousand dollars.[202] The lack of favorable verdicts for plaintiffs against the federal government may be attributable to the fact that although §1498(b) waived sovereign immunity for federal copyright infringement, the waiver is limited, and it is against this backdrop of sovereign immunity that the statute is construed by the courts.[203]

Many of the cases brought against the Government under § 1498(b) have either been barred or dismissed due to failing to meet one of the requirements of the section. First, § 1498(b) provides the "exclusive" remedy against the Government under the law, and also provides limited jurisdiction for suits against the Government.[204] Second, standing to sue under § 1498(b) is narrowly limited to the "legal owner" of the copyright only whereas "beneficial owners" or "assignees" are barred from bringing suit under the section.[205] Third, the remedies available under 1498(b) are limited. For example, costs and injunctions are not available, nor is destruction of infringing articles.[206] Furthermore, these damages are limited to "reasonable" compensation that is limited to "pecuniary" and not "per-

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201 *See* Steve Altman Photography v. United States, 18 Cl. Ct. 267 (Cl. Ct. 1989). This statement is based on the results of a search of LEXIS-NEXIS on Aug. 23, 2001. *See also* Kwall, *supra* note 31, at 753 n. 333 (discussing several cases against the Government but no successful suits as far as 1989). Professor Kwall also conducted surveys of twenty-eight federal agencies and determined that no unreported cases brought under § 1498(b) had resulted in a success for the plaintiff either. *Id.*

202 18 Cl. Ct. 267 (1989).

203 *See, e.g.*, Serra v. United States General Servs. Admin., 667 F. Supp. 1042 (S.D.N.Y. 1987), citing United States v. Mitchell, 463 U.S. 206, 212 (1983). Where waiver of sovereign immunity by the United States is limited it necessarily affects the breadth of new statutes under such a waiver. *Id. See also* United States v. Sherwood, 312 U.S. 584, 586 (1941) (holding that where the U.S. has not given consent for a suit to proceed in a federal court, courts have no jurisdiction over such a matter). *But cf.* Schnapper Public Affairs Press v. Foley, 667 F.2d 102, 118 (D.C. Cir. 1981), citing S. REP. No. 94-996, at 2 (1976) (holding sovereign immunity against equitable actions involving specific relief to be illogical).

204 *See supra* note 199. Surprisingly, many suits brought under the Government fail on this ground, that they fail to bring suit in the only court which can hear such a claim, the United States Court of Claims.

205 *See supra* note 199. *See also* Hayt v. United States, 27 U.S.P.Q. 2d 1386, 1397-98 (Fed. Cl. 1993). In *Hayt*, the Court noted that to extend the waiver to any party other than the legal owner would be an impermissible expansion of the Government's waiver of sovereign immunity. Other limitations are on former government employees who had any influence on the article while an employee of the United States. *See supra* note 199.

206 *See* NIMMER & NIMMER, *supra* note 159, §12.01[E][1], at 12-32 to 12-35.

sonal losses."[207] Because of this combination of low motivation to sue, combined with the difficulties of bringing such a suit, any case that squarely dealt with the issues implicated in *Williams & Wilkins* will necessarily be rare.

E. What are the Redeeming "Principles" Within the Williams & Wilkins *Decision?*

Despite the narrowness of its specific holding, and possible flaws in its reasoning, the *Williams & Wilkins* decision is important not only because it is the only case on photocopying and fair use to reach the Supreme Court, but because it stands for a set of principles that remains good law. These principles are firmly supported by the Constitution, the Copyright Act, and the doctrine of fair use as embodied now under § 107.

The nature of copyright, which requires consideration of the public benefit first, and the rights of authors as a means to achieving that public benefit requires that the use of the copyright privilege must further this benefit. The constitutional purpose for both the copyright and patent system is clear, to promote "science" and the "useful arts." America as a nation has undoubtedly benefited from the commitment of the government, universities, and private citizens to engage in research throughout its history. This benefit is what prompted the creation of a copyright system which favored the advancement of a free society as a whole, by allowing access to information.

Perhaps the first principle of *Williams & Wilkins* is simply a restatement of this underlying constitutional theme. The exclusive rights of copyright ownership should end where the benefit to the advancement of science and useful arts from the grant of monopoly is outweighed by the impediment such exclusive rights cause the public as a whole. This is the overriding concern expressed by the *Williams & Wilkins* court. Though the decision may have had flaws, the principle that caused the court to reach the conclusion of fair use reflects consideration of the true purpose of copyright and fair use.

The principle in the *Williams & Wilkins* decision, which also supports the finding of fair use for research-based photocopying, is that copyright is created by statute, and the plain language of the "fair use" provision (§ 107) expressly supports such research as fair use. The preamble to § 107 states that "research" and "educational" purposes are to be considered at least examples of, if not *per se* categories of, fair use.[208] When courts approach the application of fair use to research and educational

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[207] *Id.*

[208] *See supra* notes 50-59.

uses they should give appropriate consideration to this Congressional mandate, rather than mere lip service, or ignoring it altogether.

The third principle of *Williams & Wilkins* is that because copyright is a creation of statute, courts should not invent or consider remedies that Congress has not provided for them in legislation. This principle partially guided the Court of Claims to not consider licensing as part of the potential market for the Williams & Wilkins Company. Regardless of the appropriateness of Congress omitting such a remedy from the copyright laws, judicial restraint was, and is, appropriate under how our legal system is designed to function with regards to copyright law.

The fourth, and last, principle of the *Williams & Wilkins* decision is a "priority principle." The "priority principle" is the idea that if a use is fair, then market-based arrangements to avoid liability for an infringement should not be a factor in the consideration of market effect of a use. The *Williams & Wilkins* decision relied on this premise in rejecting licensing schemes as potential markets. The reasoning of this principle is simple: if a use is fair, then the licensing of that use is not necessary, and if licensing is not necessary, it cannot be considered a potential market in assessing consequences of an infringement.

These principles were not to be tested until almost twenty years later, in *American Geophysical Union v. Texaco, Inc.*, the second case that would shape the law of fair use in photocopying for research purposes.

V. AMERICAN GEOPHYSICAL UNION v. TEXACO

A. *Background of the Case*

Before considering the *Texaco* decision in detail, some preliminary consideration must be given to the unusual nature of the decision. The original decision was presided over by then-District Judge Pierre N. Leval, an extremely experienced jurist in copyright matters, and an avid author on the topic of fair use.[209] An additional unusual aspect was that the Second Circuit's decision on interlocutory appeal of the issue of fair use and photocopying, was authored by Judge Jon Newman who was not present to hear oral arguments during the case.[210] Furthermore, although the case was a class action brought by eighty-three publishers against Texaco, the parties stipulated to try the case as a "test case" with very limited facts to be "representative of Texaco's overall copying practices."[211]

Despite all of these unusual elements, the most fascinating feature of the *Texaco* decision is the subsequent amendment of the Court's original

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[209] *See* Patry & Perlmutter, *supra* note 60, at 431, 431 n.16.

[210] *Id.* at 440-41, 440 n. 67. Judge Newman replaced District Judge Charles Stewart who had heard oral arguments and subsequently became ill. *Id.*

[211] *Id.* at 440.

decision after a tentative settlement had been reached but before petition for certiorari was dismissed.[212] The amended decision narrowed the Second Circuit's original decision significantly.[213]

It is important to be mindful of these unusual features of the decision and the role they play in understanding the significance of the *Texaco* decision on the issues of fair use and photocopying for research purposes.

B. The Facts & the Stipulations of the Texaco *Decision*

In 1992, Texaco employed between 400 to 500 research scientists utilized to improve "its commercial performance in the petroleum industry" and "whom all or most presumably photocopy scientific journal articles."[214] American Geophysical Union and eighty-two other publishers claimed that the "unauthorized photocopying" practices of Texaco's employees constituted copyright infringement.[215] Texaco had countered by raising the defense of fair use, contending that "such photocopying by scientists in industry is a reasonable and customary practice, necessary to the conduct of scientific research, and it does not infringe the publishers' copyrights."[216]

In order to service the activities of its researchers, Texaco maintained a "sizable library" of the many scientific and technical journals to which it subscribed,[217] supported by "substantial expenditures."[218] The parties stipulated to a test case, to avoid expense, by randomly selecting the practices of one of Texaco's researchers as representative of its photocopying practices, and to focus on that researcher's practices toward one journal.[219] The researcher selected was Dr. Donald H. Chickering, II, a "sci-

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212 *See* KITCH & PERLMAN, *supra* note 90, at 248. The original Second Circuit decision is at 37 F.3d 881, and the subsequent amended decision is available at 60 F.3d 913. The Kitch text provides an excellent resource for the comparison of the scope of the two decisions.

213 *Id. See also* Patry & Perlmutter, *supra* note 60, at 441.

214 American Geophysical Union v. Texaco, Inc., 60 F.3d 913, 915 (2d Cir. 1993).

215 *Id.*

216 American Geophysical v. Texaco, Inc., 802 F. Supp. 1, 5 (S.D.N.Y. 1992).

217 60 F.3d at 915.

218 37 F.3d at 883. Texaco spent over eighty million annually on research as of 1992 and an average of 37 million in research from 1985-1987 at the Beacon facility. 802 F. Supp. at 4.

219 The original decision reads, "To avoid extended discovery and narrow the scope of the one issue [of fair use] the parties made a significant stipulation, providing that the fair use trial would focus exclusively on photocopying of one Texaco researcher by random selection." 37 F.3d 881, 883. The amended decision is worded slightly differently: "the parties stipulated — in order to spare the enormous expense of exploring the photocopying practices of each of [Texaco's researchers] that one scientist would be chosen at random as the representative of the entire group." 60 F.3d at 915.

entist at Texaco's research center in Beacon, New York."[220] The publishers selected photocopies of eight particular articles from the *Journal of Catalysis* ("*Catalysis*") as the focus for trial.[221] Texaco had three subscriptions to *Catalysis*, two of which were sent to the Beacon facility.[222]

Each issue of *Catalysis* contained "articles, notes and letters . . . ranging in length from two to twenty pages."[223] Furthermore, "all of the articles [were] received by the journal's editors through unsolicited submission by various authors."[224] Each of the authors was informed that they must transfer the copyright in their writings to the publisher (Academic Press), and "no form of money payment is ever provided to the authors."[225]

The court found that the eight articles of *Catalysis* were copied either by Chickering himself or another employee at the Beacon facility at Chickering's request.[226] The court found that "to keep abreast of developments in his field, Chickering *must* review works published in various scientific and journal articles related to his area of research."[227] To assist Chickering and the other researchers, Texaco had its library circulate current issues of relevant journals to Chickering when he placed his name on the appropriate routing list.[228] Chickering chose six of the articles after reading the issue of *Catalysis* and another two upon seeing a reference to them in another published article, however, Chickering was not able to make use of five of the articles that were copied.[229]

C. Judge Leval's District Court Decision

Judge Leval succinctly spelled out the narrow issue brought before him by the publishers' complaints against Texaco: "to determine if making single copies from plaintiffs' journals by a Texaco scientist is a fair use under § 107."[230] Judge Leval began by noting that photocopying of "learned journals" plays an important part in scientific research, and that "it is of great importance for scientists to keep abreast of the publications

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220 60 F.3d at 915.

221 *Id.*

222 37 F.3d at 884.

223 An entire issue of *Catalysis* was approximately 200 pages comprised of twenty to twenty-five articles. *Id.*

224 60 F.3d at 915.

225 *Id.*

226 *Id.*

227 *Id.* (emphasis added).

228 *Id.*

229 *Id.* at 915-16.

230 802 F. Supp. at 4

of articles for many reasons."[231] He also noted that it was common practice among scientists at research-oriented corporations such as Texaco to make photocopies of articles for these uses.

Judge Leval noted that the researchers had "numerous reasons" for photocopying the articles circulated by Texaco "that they expected to be useful in their work"[232] He proceeded to then list several of these uses, including permitting scientists to "simply file the copy in an appropriate subject file for later review."[233]

Despite this accurate and favorable characterization of the use of photocopying practices in research, Judge Leval did not find Texaco's use to be fair use. First, on the issue of the purpose and character of the use, Judge Leval concluded that Texaco lost on "either branch" because "Texaco's copying is neither transformative nor noncommercial."[234] The court did not agree with Texaco that the use of the articles was transformative due to the size shifting and prevention of chemical or mechanical exposure, but did note that the argument "has some merit."[235] The court further noted another argument raised by Texaco as also "having merit": that the transfer of factual materials (formulas, graphs, and tables) should be fair use.[236] But most importantly, the court held that "Texaco's copying is for commercial gain . . . [and does not] come within the class of copying that has prevailed under the first factor because of its nonprofit educational or social value."[237]

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231 *Id.* Judge Leval listed many including "awareness of new learning, suggestions of new ideas and approaches, avoidance of duplication of experimentation that has already been done, avoidance of avenues of experimentation that have already been demonstrated to be fruitless, adoption for productive research of finding that have resulted from the research of others, and other valuable uses too numerous and varied to mention." *Id.*

232 *Id.* at 4-5.

233 *Id.* Including freeing journals for circulation; allowing numerous scientists to retain copies of the same material or of material bound in the same volume; allowing scientists to make and retain personal files of pertinent articles instead of surrounding themselves with the bulky originals filled with irrelevant items; avoiding need for repeated trips to the library; eliminating the risk of error in transcription; permitting scientists to refer to the article later instead of immediately studying; allowing it to be taken into laboratories eliminating risk of chemical exposure or harm from equipment; allowing it to be taken home to be read; allowing scientists to take margin notes. *Id.*

234 *Id.* at 13.

235 *Id.* at 14. Judge Leval's problem with this argument was that the "primary purpose" he held was the "multiplication of copies." *Id.* at 14-15.

236 *Id.* at 15. Judge Leval rejected this argument based on evidence that Chickering did not read the articles before he copied them, and that he copied the entire article. *Id.*

237 *Id.* Judge Leval in rejecting Texaco's argument that the use was socially beneficial and comparing the case to *Williams & Wilkins* furthermore held that

On the "nature of the copyrighted work" Judge Leval thought this factor favored Texaco, emphasizing his finding that the works were factual in nature.[238] Judge Leval reached this conclusion despite his questionable reasoning that the articles were created "with the purpose and intention of benefiting from the protection of the copyright law."[239]

Regarding the amount and substantiality of the portion used, Judge Leval disagreed with Texaco's argument that it had only copied 4% of the entire work (i.e., the journal) in its photocopying, and rejected *Williams & Wilkins* and *Sony* as unusual.[240] Lastly, the court found that the plaintiffs had "powerfully demonstrated entitlement to prevail on the fourth factor."[241] While the Court agreed with Texaco that increased subscriptions or purchases of back subscriptions were not what Texaco needed or would necessarily purchase, it determined that the market effect factor favored the plaintiffs because of the availability of a CCC license.[242] In response, Texaco argued, and Judge Leval somewhat agreed, that the fourth factor should not dominate the consideration. However, because the case was decided before *Campbell*,[243] under the holding of *Harper & Row*, the fourth factor was held the most important factor, and thus Judge Leval was forced to give it greater weight in his analysis.[244]

Judge Leval worked very hard to distinguish the case from *Williams & Wilkins*. In fact, the court separated its decision from *Williams & Wilkins* on no less than six separate factors including: the lack of harm to the publishers by NIH and NLM; the potential harm to medicine noted in *Williams & Wilkins* and not found in *Texaco*; that NIH was a nonprofit institution dedicated solely to the advancement and dissemination of medical knowledge; that the researchers needed the works and were not using them for commercial purposes; that the purpose of the use was "scientific progress untainted by any commercial gain from reproduction"; and lastly,

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the "research is being conducted for commercial gain. Its purpose is to create new products and processes for Texaco that will improve its competitiveness and profitability." *Id.* at 15-16.

238 *Id.* at 16-17.

239 *Id.* Note that the Second Circuit correctly disagreed with Judge Leval on the entire consideration of the nature factor, and especially on this finding on the basis of the facts that the articles were created by scientists with no such interest.

240 *Id.* at 17.

241 *Id.* at 18.

242 *Id.* at 18-19.

243 *Campbell* effectively overruled *Harper & Row* on the relative importance of the fourth factor. *See supra* Section II(B) for a discussion of the law of fair use in the Supreme Court.

244 *Id.* at 20-21.

Judge Leval's opinion that the court had the ability to fashion a remedy, whereas the Court of Claims did not.[245]

D. The First Appellate Decision

The case came to the Second Circuit on interlocutory appeal, brought by Texaco on the fair use issue.[246] The appellate court believed that its decision would differ from the lower court's analysis because it had the benefit of the *Campbell* decision for its consideration.[247]

Despite the broad nature of the case below, the Second Circuit considered the case narrowly in its decision, holding that the broad issues of whether photocopying of scientific articles is fair use was not before it,[248] noting that the fair use doctrine requires application of the "precise facts on hand."[249]

Before considering the factors under § 107, the court revealed its attitudes on fair use. First, it noted that it disagreed with the *Sony* decision that reproduction by mechanical means could ever be fair use.[250] Secondly, it focused on the motivation of the creative activity of authors as the background goal of copyright law instead of the public benefit rationale.[251] The court then turned to the application of § 107, in which it affirmed Judge Leval's decision for different reasons, citing *Campbell* as the reason for these differences.[252]

1. The Purpose and Character of the Use

Similar to Judge Leval, Judge Newman focused on both the commercial character of Texaco's use as well as whether or not the use was "transformative." Relying on *Folsom* as authority, the court, despite noting some of the uses listed by Judge Leval,[253] characterized the work as "archival,"[254] and held that the photocopying performed by Texaco "merely

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245 *See* ABRAMS, *supra* note 190, at [15] 143-44.

246 *See* 802 F. Supp. at 28-31 (discussion of Judge Leval's findings on Texaco's request for an appeal, and his recommendation for immediate appellate review).

247 37 F.3d at 886.

248 *Id.* at 884. This portion of the decision was one of those sections amended subsequently by the Court, and was viewed as a narrowing of the scope of the decision and as constituting less of an attack on all archival photocopying. See *infra* at text accompanying footnote 307.

249 *Id.*

250 60 F.3d at 917

251 *Id.* at 916.

252 *Id.* at 918.

253 *Id.* at 919.

254 *Id.*

'supersede[s] the objects' of the original creation."[255] In support of this rationale, the court relied on *Campbell*, though a parody case, to hold that the "concept of 'transformative use' is central to a proper analysis under the first factor."[256]

Interestingly, the Second Circuit, while in the process of deciding against Texaco, finding its work to be non-transformative, gave some recognition to *Sony* and stated that "we should not overlook the significant independent value that can stem from conversion of original articles into a format different from their normal appearance."[257] The court noted that Dr. Chickering transformed the form of the article in a way similar to transformation by notes "before modern photocopying."[258] Nonetheless, the court ruled against Texaco due to the "archival" nature of the use, an issue that the Court would revisit in its revised opinion.[259]

On the issue of commercial use, Judge Newman agreed that Leval had placed "undue emphasis on the fact that Texaco is a for-profit corporation conducting research primarily for commercial gain."[260] The court considered it important to differentiate "between a direct commercial use and the more indirect relation to commercial activity that occurred here," holding that "Texaco was not gaining direct or immediate commercial advantage from the photocopying at issue in this case."[261] The court further held that Texaco's photocopying "served, at most, to facilitate Chickering's research, which in turn might have led to the development of new products and technology that could have improved Texaco performance," and that as such it was best characterized as "'intermediate use.'"[262]

Despite this characterization of the photocopying, the court appropriately noted that § 107 required some inquiry into the commercial nature of the use.[263] Inconsistent with its earlier characterization, however, was its determination that "Texaco's photocopying for Chickering could be regarded simply as another 'factor for production' utilized in Texaco's efforts to develop profitable products."[264]

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255 *Id.* at 919-20 (citing Campbell v. Acuff-Rose, 510 U.S. 569, 579 (1994), quoting Folsom v. Marsh, 9 F. Cas. 342, 348 (C.C.D. Mass 1841) (No. 4, 901)).

256 *Id.* at 922-23.

257 *Id.* at 923, citing Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417, 455 n. 40 (1984).

258 *Id.* at 923-24. There is a strong similarity with the rationale for the *Williams & Wilkins* decision here.

259 *Id.* at 924. *See* discussion of the amended *Texaco* opinion *infra*.

260 *Id.* at 921.

261 *Id.*

262 *Id.*, citing Sega Enters. v. Accolade, Inc., 977 F.2d 1510, 1522-23 (9th Cir. 1992).

263 60 F.3d at 922.

264 *Id.*

Texaco also raised the argument that Leval had decided the case incorrectly because "research" is one of the provided examples of fair use in § 107. The court's limited response to Texaco's argument[265] that Chickering had used the articles for "research" was that Chickering's works could not be characterized as research because he had not used the portion for "his own published piece of research, nor has he had to duplicate some portion of the copyrighted material directly in the course of conducting an experiment or investigation."[266] Although the court acknowledged that Chickering used the works as an "intermediate step that might abet Chickering's research," it did not count this as research under the preamble.[267]

A final, particularly troubling, aspect of the court's decision was the reliance on what have been called the "classroom guidelines" to reject Texaco's research based use of Chickering's articles.[268] The court used the "guidelines" which it held out as "persuasive authority for educational fair uses" to work against Texaco on the "purpose and nature" inquiry because the photocopying was not "spontaneous."[269]

2. The Nature of the Copyrighted Work

Essentially, the court affirmed Judge Leval's finding that the works were essentially factual in nature, and thus "'not within the core of the copyright's protective purposes.'"[270] Thus, the Second Circuit found for Texaco on this factor.

3. The Amount and Proportionality of the Work Used

While finding Texaco's argument that the court should consider its photocopying of *Catalysis* "minuscule," "superficially interesting," the court nevertheless found that Texaco had copied the entire work, relying on *Williams & Wilkins* for its determination that the article was the measure of the copyrighted work.[271] However, the court did not follow *Williams & Wilkins*, or *Sony*, primarily because it viewed these cases as holding that fair use is not precluded when entire works are copied, but is still militated against by copying of entire works.[272]

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265 No direct dealing with this argument was given by the court, rather the court cursorily placed its response to the argument within a footnote.

266 60 F.3d at 920 n. 7

267 *Id.*

268 *See* 60 F.3d 913 at 919, 919 n.5.

269 *Id.*

270 *Id.* at 925, quoting Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 586 (1994), and citing Harper & Row, Publishers, Inc. v. Nation Enters., Inc., 471 U.S. 539, 563 (1985).

271 60 F.3d at 926, citing Williams & Wilkins v. United States, 487 F.2d 1345, 1353 (Ct. Cl. 1973).

272 *Id.*

4. The Effect of the Use on the Owner's Market

The court's consideration of the market effect factor was to note *Campbell's* overriding the *Harper & Row* determination that the fourth factor was the most important factor.[273] Furthermore, the court held that it was important to "recognize the distinctive nature and history of 'the potential market for the value' of these particular works."[274] Moreover, on this basis the court found though there was a traditional market for journals there was "neither a traditional market for, and hence a clearly defined value of, individual journal articles."[275] Following from this determination, the court concluded that "evidence concerning the effect that photocopying individual articles has on the traditional market for journal subscriptions is somewhat of . . . limited significance in evaluating the effect 'upon the potential market for or value of' the individual articles."[276] Moreover, the court found that:

> in the unique world of academic and scientific articles, the effect on the marketability of a composite work in which individual articles appear is not obviously related to the effect on the market for or value of the individual articles since (1) articles are submitted unsolicited to journals, (2) publishers do not make any payment to authors for the right to publish their articles or to acquire their copyrights and (3) there is no evidence in the record suggesting that publishers seek to reprint particular articles in new composite works.[277]

The court also found that, based on the record, Texaco might slightly increase its numbers of subscriptions,[278] but it "would not ordinarily fill the need now being supplied by photocopies through the purchase of back issues or back volumes . . . [or] by enormously enlarging the number of subscriptions."[279] In consideration of these factors the court found that "at best, the loss of a few journal subscriptions tips the fourth factor only slightly towards the publishers because evidence of such loss is weak evidence that the copied articles themselves have lost any value."[280]

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[273] *Id.* at 926, citing *Harper & Row*, 471 U.S. at 566.

[274] *Id.* at 926-27.

[275] *Id.* at 927.

[276] *Id.* at 927-28.

[277] *Id.* at 928.

[278] Texaco highly contested this, as articles would not substitute the use that journal articles fulfilled. Nonetheless, the Second Circuit adopted Judge Leval's reasoning, without any citation of authority, which was directly opposed to the findings in *Williams & Wilkins.*

[279] *Id.*

[280] *Id.* at 929.

The court, following Leval's decision, then went on to consider licensing as a consideration under the fourth factor. The court relied on cases that had considered licensing revenues, but noted that the consideration of such revenues was limited to "only traditional, reasonable, or likely to be developed markets when examining and assessing a secondary use's 'effect upon the potential market.'"[281] Texaco noted that there is always a potential for licensing revenues in every use, and for courts to consider it in every case would always find the fourth factor in the fair use analysis favored the copyright holder.[282] Additionally, the court noted that when the secondary use was one that the original owner did not, or would not, likely create, then the fourth factor favored the secondary user.[283] Giving these factors consideration, the court held that "as a general matter" Texaco was correct that it is not "always appropriate for a court to be swayed on the fourth factor by the effects on potential licensing revenues."[284]

Nonetheless, the Second Circuit found against Texaco, because it saw the CCC as providing "a workable market."[285] The court rejected Texaco's arguments, and rationalized its holding that the CCC's licensing system was an appropriate consideration for the fourth factor because ease of payment can make unauthorized use of copyrighted works less fair.[286] The court distinguished *Williams & Wilkins*, holding that the consideration of licensing through the CCC was *now* appropriate.[287] The court's view was that Congress had "impliedly suggested" that the law should consider such markets by the adoption of §108 and the legislative history which suggested the creation of organizations similar to the CCC.[288] Perhaps because it viewed the CCC as the alternative, the court similarly disregarded the consideration of "reasonable and customary practice" raised in *Williams & Wilkins* for the determination of fair use.[289]

E. Judge Jacobs' Dissent

Judge Jacobs voiced a strong dissent to the majority's finding that the photocopying in *Texaco* was unfair. Specifically, Jacobs attacked the majority's determination of the first and fourth factors.[290] Particularly, Jacobs argued that the use of the articles by Chickering was "integral to

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281 *Id.* at 929-30, quoting *Campbell*, 510 U.S. at 592 (further citations omitted).
282 *Id.* at 930 n. 17.
283 *Id.* at 930.
284 *Id.*
285 *Id.*
286 *Id.* at 930-31.
287 *Id.* at 931.
288 *Id.*
289 *Id.* at 924.
290 *Id.* at 932.

transformative and productive ends of scientific research."[291] To the fourth factor he argued that the effect of "Chickering's use upon the potential market for the work, or upon its value is illusory."[292]

Jacobs supported his argument on the purpose factor by relying on the language of the preamble, noting "'there is a strong presumption that factor one favors the defendant if the allegedly infringing work fits the description of uses described in 107.'"[293] Moreover, Jacobs attacked the majority on the basis of the scientific process, that experimentation required knowing what others in the field have done to "steer clear of repetition and dead ends, to evaluate theories and hypotheses for possible theoretical development or commercial application, to give credit to others, and much else."[294] Furthermore, Jacobs relied on *Williams & Wilkins* and its use of "reasonable and customary practice" to support his determination that the character and purpose element should have favored Texaco.[295] Jacobs noted in regard to the effect on the market that it was common for institutional publishers to charge higher rates connoting an "expectation of institutional copying."[296] Finally, Jacobs attacked the majority's emphasis on its characterization of the copying as "systematic" and "institutional," arguing that the setting for Chickering's photocopying should not be relevant if the use was individual in nature.[297]

Judge Jacobs' attack on the majority's fourth factor holding centered around the fact that if a use is "transformative" and fair that "'market substitution is less certain, and market harm may not be so readily inferred.'"[298] Because Jacobs saw "the CCC scheme [as] neither traditional nor reasonable,"[299] he did not believe that it should be considered. Lastly, Jacobs noted that there was an inherent "circularity to the problem: the market will not crystallize unless courts reject the fair use argument" but,

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[291] *Id.*

[292] *Id.*

[293] *Id.*, quoting Wright v. Warner Books, Inc., 953 F.2d 731, 736 (2d Cir. 1991).

[294] *Id.* at 933. Furthermore, Jacobs noted that "the scientific method properly conceived is much more than a system of repeated laboratory experimentation. Rather it is a dynamic process of 'planned cooperation of scientists, each of whom uses and continues the investigations of his predecessors,'" quoting Edgar Zilsel, *The Sociological Roots of Science, in* ORIGINS OF THE SCIENTIFIC REVOLUTION 97 (Hugh F. Kearney ed., 1968).

[295] *Id.* at 934.

[296] *Id.* at 936.

[297] *Id.* at 935. Moreover, Judge Jacobs noted that modern research almost universally occurs in institutional settings and that Texaco's use of the routing list actually limited the amount of copying, contra to the characterization of the copying as "institutional and systematic." *Id.* at 935-36.

[298] *Id.* at 937, quoting *Campbell*, 510 U.S. at 591.

[299] *Id.* Furthermore, Judge Jacobs' criticized the ability of the CCC license to adequately remedy the situation for the user. *See id.* at 937-39.

under the statutory test the court cannot declare a use to be an infringement unless there is a market to be harmed.[300]

Finally, under the heading "equitable rule of reason" Jacobs considered the nature of copyright and the fair use doctrine, discussing the public benefit component of both which was lacking from the majority's decision.[301] In considering the combination of these "equitable" elements with his determination of the factors, Jacobs argued that the use should have been found fair.

F. The Settlement and Revised Appellate Decision

Texaco appealed the decision of the Second Circuit to the Supreme Court. Meanwhile, while awaiting the grant of certiorari to the Court, the case settled for a reputed "seven figures."[302] Despite this large award, some authors contend that the publishers pressed hard for settlement due to the appointment of Justice Stephen Breyer to the Supreme Court, whose earlier writings as a Harvard law professor appeared to favor a broad application of the doctrine of fair use.[303]

Before the petition for certiorari was dismissed, the Second Circuit, in an unusual manner, amended the decision it rendered in the *Texaco* case, significantly narrowing the scope of the decision.[304] Although many sections of the decision were revised, the three primary revisions to the deci-

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300 *Id.* at 937.

301 *See id.* at 939-41.

302 *See* KITCH & PERLMAN, *supra* note 90, at 248.

303 *See generally* Breyer, *supra* note 21. Justice (then Professor Breyer) argues that "the case for copyright in the book trade is not a strong one and is even weaker for some parts of that trade. . . . although we should hesitate to abolish copyright protection, we should equally hesitate to extend or strengthen it." *Id.* at 283-84. Justice Breyer, in considering "how badly is copyright needed?", further stated that, "In my view, a modest fall in college text publishing revenue should not cause much concern, for several factors minimize the extent to which any such fall could cause significant harm," indicating that academics may turn from producing such texts to writing scholarly articles and that "one cannot conclude that substituting somewhat more of [such articles] for somewhat fewer college texts would prove to be more harmful." *Id.* at 309. From these excerpts, and throughout his writing it is clear the Justice Breyer strongly favors the public benefit requirement of the copyright "bargain," so much that he questions the very use of copyrights at all in areas that § 107, or its preamble, classify as "fair uses." He furthermore notes the public benefit by "lower prices and wider distribution of books" and that historically, lack of copyright protection did not keep publishers from producing such texts. *See id.* at 313-14. From these arguments, the decision to settle the *Texaco* case may have been reasonably advantageous to the plaintiffs.

304 *See* KITCH & PERLMAN, *supra* note 90, at 248.

sion were made under the "background," "nature of the dispute," and "purpose and character of the use headings."[305]

The court's modification of the background had the least impact, but reinforced the Second Circuit's unwillingness to adopt Judge Leval's view of the scope of the decision. The changes made to the "nature of the dispute" even furthered this distinction, narrowing the precedential effect of this case to the practices of Texaco as a corporation, stating "our opinion *does not decide* the case that would arise if Chickering were a professor or an independent scientist engaged in copying and creating files for independent research, as opposed to being employed by an institution in the pursuit of his research on the institution's behalf."[306] Lastly, under the "purpose" heading the court backed away from its attack on "archival" photocopying, by removing from its determination the discussion of whether all archival photocopying would be fair use or not deciding instead that it was not in this case because Texaco's practices were "part of a systematic process of encouraging employee researchers to copy articles so as to multiply available copies while avoiding payment."[307]

VI. ANALYSIS OF AMERICAN GEOPHYSICAL v. TEXACO, INC.

While the *Texaco* decision received mixed praise and criticism,[308] it was universally regarded by commentators as an important case which had serious implications for the continued applicability of fair use for research and educational purposes.[309] Considering its importance, an analysis of the Second Circuit's application of § 107 to its decision is required.

A. The Texaco *Court's Fair Use Analysis*

1. The Purpose and Character of the Use

There are four principal reasons why the *Texaco* decision was poorly decided in relation to the "purpose and character" factor under § 107. First, the court placed too much emphasis on, and mischaracterized the

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305 *See id.* at 249, 251, 256.

306 60 F.3d at 916 (emphasis added).

307 *Id.* at 920.

308 *Compare* Still, *supra* note 13, *with* Patry & Perlmutter, *supra* note 60.

309 *See, e.g.*, CETUS (The Trustees of the University of California), *Fair Use: Overview and Meaning for Higher Education*, *available at* http://www.cetus.org/fair5.html. *See also* Kenneth D. Crews, *Working Paper: Copyright Law, Libraries and Universities: Overview, Recent Developments, and Future Issues*, *available at* http://palimpsest.stanford.edu/bytopic/intprop/crews.html. This web site lists Mr. Crews as an Associate Professor of Business Law at San Jose State University, and that he can be reached at (408) 924-1342 for discussion, or to request a copy of this work. However, at the time of this paper, Mr. Crews is currently a law professor at Indiana/Purdue University, Indianapolis and Director of that law school's Copyright Center.

"transformative" inquiry under this factor. In placing too much emphasis on this inquiry it should be noted that the "transformative" factor was not considered by most courts from the *Folsom* decision until *Sony*.[310] Moreover, despite the clear reliance on this factor in *Campbell*, it bears consideration that that particular case involved a parody and not research as the type of fair use in question.

Furthermore, the Second Circuit's own characterization of the transformative factor is inconsistent. The court notes that not only is there a valuable utility in the transformation of the form of the photocopied work from its journal setting, but also finds that the use by Chickering was an "intermediate use." The court's determination of the utility of the change in form of the journal articles for use in research is clearly in line with the transformation which occurred in the "time shifting" use in *Sony*. Moreover, this type of use should give some weight to Texaco's arguments on the amount and proportionality factor, as was allowed in both *Sony* and *Sega*.

The Second Circuit's characterization of Chickering's use as "intermediate," along with its amendment of the case show the struggle that the court had in characterizing the use. This struggle seems to demarcate the balance between the public policy "tensions" in copyright and fair use, between the benefit to the public obtained by scientific research, while desiring to prevent Texaco from getting a free ride at the cost of the publishers. Under the narrow view that the Second Circuit took, Judge Jacobs' realistic view of science seems to suggest that the court should have weighed this factor in favor of fair use. To support the court's determination on this issue would suggest that the photocopying by a single court clerk could incur liability for the entire Second Circuit, the Judiciary, or even the United States. Where are the lines to be drawn by "intermediate use" versus "systematic copying"?

Similar problems arise with the amended opinion's desire to exempt "personal use." This attempt at such a distinction begs the question of who would be eligible for such an exception. The court's opinion indicates that university researchers or educators might be, but it is not clear that a federally funded or non-profit research facility would be characterized differently than Texaco in regards to research practices.

The second problem with the *Texaco* decision is that it ignores the "strong presumption" that photocopying for research is fair use based upon the preamble language to § 107. While Congress did not mandate much in the way of specific instructions to the courts on the application of the doctrine of fair use pursuant to § 107, and the meaning of the preamble is debatable in the legislative history,[311] the preamble stands, nonethe-

[310] *See* Lape, *supra* note 35.

[311] *See supra* notes 50-57 and accompanying text.

less, as the only definitive expression of Congress' notions of what fair use is. Copyright is a creation of statute, and it is improper for a court to choose its own preferences over that of the legislature's in regard to copyright law.

The third problem with the *Texaco* court's analysis of the character and purpose factor is that it relied heavily on the so-called "classroom guidelines," which appear in the "legislative history" to § 107. This reliance on legislative history is initially problematic because the legislative history of § 107 is so contradictory.[312] Moreover, it is clear that Congress was well aware of the photocopying dilemma in drafting § 107, but did not require the elements stated in the classroom guidelines. Furthermore, while many educational organizations have, and continue to, support the classroom guidelines, other organizations involved in higher levels of education did not endorse the classroom guidelines, especially many involved with research at the university, graduate, or other institutional level. Thus, the weight of the reliance placed upon the classroom guidelines in the context of the *Texaco* decision may have been too great.

Lastly, while the Second Circuit distinguished its fair use analysis from the district court based on the benefit of *Campbell*, its decision (especially the amended decision) still seems reliant on the "for-profit" nature of Texaco as a corporation. While this determination is somewhat defensible on the basis of the preamble language of § 107, the court's failure to state what weight this factor was given in its determination makes the applicability of the *Texaco* decision uncertain for many of the groups that are affected by it.

2. *The Effect of the Use on the Owner's Market*

The effect of the use on the owner's market is the area of the *Texaco* decision that is the most controversial and threatens to have the greatest impact on research activities. The Second Circuit's decision, though indirect in reaching its result, correctly held that Judge Leval's determinations of the impact on the actual market were incorrect. In this element, the

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312 *Id. But cf.* NII REPORT, *supra* note 3, at 82-83 (strongly supporting the Classroom Guidelines as an appropriate measure of what use is fair). The legislative history, and plain language suggest another result than the Classroom Guidelines for certain institutions. Furthermore, the groups that "agreed" to the Guidelines did not include American universities or law schools, and research institutions that would be affected by restricting the doctrine of fair use to this limited level. While the guidelines are clearly appropriate for a minimal amount, and for the groups that did "agree" to them, they provide little more than the Agreements relied on in the *Williams & Wilkins* decision as far as real legislative mandate. *See supra* note 179, especially in light of the structure and language of § 107 and the House Report indicating the significance of the preamble.

Texaco decision is in accord with *Williams & Wilkins*, though the specific reasoning applied by the courts differed. Furthermore, the court's application of *Campbell* in reducing the importance given to this factor by Judge Leval was also appropriate. Clearly, if the decision was based on these elements alone the Second Circuit would have favored a finding of fair use.

The application of licensing, in the consideration of the fourth factor, is the most problematic part of the decision. It prompts the question: does the ease of payment for a use make a use unfair? Or, is the determination of whether a use is fair or not dependent on some other principle? If non-economic rationales for the fair use doctrine are considered, such as public benefit, free speech rights, good faith, and reasonable and customary uses, then the court's decision on this point seems questionable.

Furthermore, Texaco's arguments, and Judge Jacobs' criticism of the majority's use of licensing, is compelling and logical. If non-economic factors favor the use of photocopying for research, then the consideration of a licensing scheme would favor never finding fair use. Such an outcome is contrary to both the constitutional and statutory rationales for copyright and fair use.

Lastly, it is the court's willingness to apply licensing in its consideration which comes very close to creating a compulsory licensing scheme without any provision in the Copyright Act. Again, the court's reliance on legislative history and §108 are unconvincing attempts at a rationale for its decision. Given that the court's decision may have been swayed by the for-profit nature of Texaco's operations, it should have put aside the consideration of licensing until after it had found that Texaco had infringed the copyrights, and failed to raise the fair use defense.

VII. CONCLUSION & RECOMMENDATIONS

A. Conclusion: The Principles of Williams & Wilkins *Remain Valid After the* Texaco *Decision*

The important publicly beneficial uses of research and education, which Congress sought to protect by explicit articulation in the preamble to § 107, are clearly threatened by the *Texaco* decision. Research facilities, colleges and universities, as well as other bodies, all of which rely on fair use for access to information for their activities, have developed concerns over the applicability of the *Texaco* decision to their day-to-day research operations.

The principles of *Williams & Wilkins* overshadow the applicability of this case to such publicly beneficial uses because of the shortcomings of the *Texaco* decision. The constitutional and statutory requirements of copyright require that the doctrine of fair use be applied to favor uses that are more beneficial to society than the benefit derived from the grant of

copyright monopoly. The *Texaco* decision, in contrast to the first "principle" of *Williams & Wilkins,* misses the mark on this requirement. We live in a society that has long favored the promotion of learning and the sharing of information more than the grant of limited periods of exclusive rights. Courts should be mindful of this "background" when applying the doctrine of fair use. Even if the *Texaco* decision is to stand the test of time, it should be considered as a case which stood on the "fringe" of fair use,[313] because the "for-profit" nature of the defendants tipped the scale toward the plaintiffs.

Similarly, the second "principle" of *Williams & Wilkins* also stands in contrast to the *Texaco* decision. The *Texaco* court erred in expanding judicial authority to consider a licensing scheme that was not granted by the authority of Congress. Courts should, when possible, defer the resolution of the complex issues of copyright law to the legislative branch, and apply the law as it was drafted by Congress.

B. Final Thoughts & Recommendations

So what will happen to you and the research institute in our hypothetical problem? If courts consider the principles of *Williams & Wilkins*, cognizant of the public benefit requirement of copyright and the deference to the constitutional and statutory limitations on their authority, it would seem that the use exemplified in our hypothetical would be determined to be "fair use." If, however, the courts continue to overly focus on "transformative" requirements and the rights of copyright owners, the holding would probably find the institute or the Government liable. Moreover, such a determination would tip the balance of copyright away from the public benefit, and toward the grant of greater monopolies and impediments to information flow. Eventually, such a view of fair use would clearly impede the progress of "science and the useful arts."

Some authors have suggested that the legislature or courts should carve out another exception or exemption under the fair use doctrine. The *Texaco* decision itself suggests a "personal use" exemption for researchers. The question, though, is whether such a further exception is necessary.

Upon a thorough analysis, it appears that such an exemption is not necessary if appropriate recognition is given to the nature of copyright and the intent of § 107. While clear expositions of the law in fair use cases are desirable, such a "personal use" exception would only be redundant to what is already provided for under § 107. The nature of the problem is determining the lines of what is "personal" or for that matter "intermedi-

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[313] This is in contrast to Judge Leval's characterization of *Sony* and *Williams & Wilkins* which are "the remote extremities" of "fair use." 801 F. Supp. at 22.

ate" use. In making such determinations, courts should give consideration to the realities of research and education which in our modern world take place usually in institutional settings.

Lastly, courts should strive to differentiate the licensing requirement from the fair use doctrine's applicability in cases where there is a strong fair use defense.[314] This would avoid the circularity problems that Judge Jacobs aptly described in his dissent, and would create an application of the fourth fair use factor which is consistent with the majority of prior cases which consider only reasonable markets.

In conclusion, *Williams & Wilkins*, though criticized, still serves as a useful case for the application of the principles of fair use to research-based photocopying in accordance with the principles of copyright established under § 107 and the Constitution. In light of the *Texaco* decision's threatened impact on the important role of scientific research in our society, courts and legislators would be wise to reconsider the underlying principles of this decision.

[314] *But cf.* NIMMER & NIMMER, *supra* note 159, § 13.05[F][1], at 13-260.1 to 13-260.2. Professor Nimmer suggests that in cases where public policy is involved such as *Williams & Wilkins*, courts should use a compulsory license scheme and a reasonable royalty for use of such articles. Professor Nimmer does not touch on the legal basis for this argument but focuses more on the policy rationale. It is not clear, however, that this would be a relief available to federally funded research institutions under 28 U.S.C. § 1498(b). *See* notes 198-206 *supra* and accompanying text.

AUTHORS AND THEIR WRITINGS

by EDWARD C. WALTERSCHEID*

INTRODUCTION

The United States patent and copyright law derives from a constitutional grant of authority to Congress "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."[1] When this Clause is addressed in the context of the copyright power, it is typically referred to as the Copyright Clause, and I will so treat it here,[2] since this article is directed to certain language in the copyright provision of the Clause. I will demonstrate that, for reasons that are not entirely clear, neither Congress nor the courts have been disposed in recent times to treat the term "authors," "their," and "writings" as placing any significant limitation on the copyright power of Congress, although there was a tendency to interpret these terms more restrictively in the early history of the Clause.

The Clause authorizes Congress to secure to "Authors . . . the exclusive Right to *their* . . . Writings (emphasis added). . . ." Regardless of the definition given to either authors or writings, this language on its face clearly limits congressional authority to the issuance of copyrights to authors only for *their* writings however statutorily or judicially defined. This would seem in turn to suggest that, just as with patents, copyrights must be applied for and issued in the name of the author regardless of who or what

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[1] U.S. CONST. art. I, § 8, cl. 8.

[2] The Clause is frequently referred to as either the Patent Clause, the Copyright Clause, or the Intellectual Property Clause, depending on the context in which it is being discussed. Any of these descriptors is in a sense misleading in that, as Bugbee notes, the Clause contains "no reference to 'property' itself (or to patents or copyrights as such)." *See* BRUCE W. BUGBEE, GENESIS OF AMERICAN PATENT AND COPYRIGHT LAW 129 (1967). A more correct descriptor, at least in the context of the times, would be the "Science and Useful Arts" Clause, because the term "intellectual property" was unknown in the eighteenth century. But in styling the Clause the Copyright Clause, I in no way wish to intimate or infer that the grant of authority set forth therein is limited to the power to create copyrights. *See generally* Edward C. Walterscheid, *Conforming the General Welfare Clause and the Intellectual Property Clause*, 13 HARV. J. L. & TECH. 87 (1999).

entity may actually own the rights to the copyright.[3] But that is not what Congress has seen fit to statutorily declare. We begin this discussion of authors and their writings with a closer look at the meaning given to "their" in the copyright context.

I. THE NAME ON THE COPYRIGHT

A leading copyright treatise states that "[t]here would appear to be no constitutional objection to permitting the assignee of an author to claim copyright in the work assigned."[4] The basis for this statement is declared to be that the "author's property right derived from the Constitutional authority is unquestionably assignable."[5] While this latter statement is indeed true, it does not follow from the mere fact of assignability that the Copyright Clause contemplates that the copyright should issue in the name of the assignee.

In the patent statutes, Congress has not only assumed but declared that a patent must issue to the inventor, even though all rights in the invention may be assigned to another entity.[6] But in the copyright statutes, Congress has taken a very different tack. The issue arises most frequently in the context of so-called "works made for hire" but it should be noted

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[3] *See* 35 U.S.C. §§111, 116, 117, 118, 151, and 152 (1994). *See also* Kennedy v. Hazelton, 128 U.S. 667 (1888). Robinson made the point expressly in his magisterial patent treatise published in 1890. *See* 1 WILLIAM ROBINSON, THE LAW OF PATENTS § 363 (1890) ("Without a change in the language of the Constitution, no patent could be conferred except upon an inventor, and for his own invention or discovery"). More recently, the D.C. Circuit has expressly declared that the intellectual property clause contemplates the grant of a patent only to the true inventor "either directly or through his assignee." *See* A. F. Stoddard & Co., Ltd. v. Dann, 564 F.2d 556, 562 (D.C. Cir. 1977).

[4] 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 1.06[C], at 1-66.22. In this work, I make frequent reference to this treatise and discuss a number of points raised therein. I do so because it is the most detailed American copyright treatise and because it is the treatise most frequently cited by courts, including the Supreme Court, in copyright opinions.

[5] *Id.*, citing to American Tobacco Co. v. Werckmeister, 207 U.S. 284 (1907).

[6] Thus 35 U.S.C. § 118 declares that "a person to whom the inventor has assigned or agreed in writing to assign the invention or who otherwise shows sufficient proprietary interest in the matter justifying such action, may make application for patent *on behalf of and as agent of the inventor* on proof of the pertinent facts and a showing that such action is necessary to preserve the rights of the parties or to prevent irreparable damages; and the Director may grant a patent *to such inventor* upon such notice to him as the Commissioner deems sufficient, and on compliance with such regulations as he prescribes." Note that even though the invention may be fully owned and prosecuted by the assignee, nonetheless the patent issues in the name of the inventor and not that of the assignee.

that from the middle of the nineteenth century congressional enactments on copyright made little or no distinction between the author of a work or the proprietor or assignee of the work when it came to filing a claim or application for copyright. In particular, unlike the patent statutes which required that a patent be obtained in the name of the inventor, there was no specific requirement that a copyright be obtained in the name of the author.[7]

In the Copyright Act of 1909, Congress expressly defined the term "author" to include "an employer in the case of works made for hire."[8] This definition was reiterated in the 1976 Act,[9] and was declared to adopt "one of the basic principles of copyright law."[10] Congress has thus made explicit its view that the "author" of works made for hire includes the entity to whom the property right in the copyrighted work had been assigned as well as that person who was the creator or originator of the work. Although this is a highly expansive interpretation of both "authors" and "their" as found in the Copyright Clause, Congress has never seen fit to address the constitutionality of such an expansive definition of these terms.[11]

The legislative history accompanying the Copyright Act of 1909 contains an interesting discussion of the constitutional aspects of copyright law, whereas the constitutional aspect is only minimally treated in the legislative history of the Copyright Act of 1976.[12] Thus, the legislative history of the 1909 Act expressly states that the constitutional authority of Congress to create copyrights is limited by several conditions, one of which is "that the subjects which are to be secured are 'the writings of authors.'"[13] But after so stating, Congress did not see fit to give any explanation

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[7] Indeed, the Copyright Act of 1856 specifically referred to copyrights granted to proprietors as well as authors. 11 Stat. 138, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 7-57.

[8] Copyright Act of 1909, ch. 391, § 26, 61 Stat. 652, *reprinted in id.*, at app. 6-29.

[9] 17 U.S.C. § 201(b) (1994) ("In the case of a work made for hire, the employer or other person for whom the work was prepared is considered the author for purposes of this title.").

[10] 8 NIMMER & NIMMER, *supra* note 4, app. 4-114.

[11] In the 1976 Act, Congress expressly acknowledged that copyright initially vests in the author or authors of a work. This certainly is consonant with the constitutional language. But in defining the owner of a work made for hire as an author (*see supra* note 9), Congress appears to have gone well beyond a reasonable interpretation of the constitutional language.

[12] *Cf.* H.R. REP. NO. 60-2222, (1909) (the Senate adopted the same report; *see* S. REP. NO. 60-1108, (1909), *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 13-1, *with* H.R. REP. NO. 94-1476, (1976), *reprinted in id.*, at app. 4-2; S. REP. NO. 94-1011, *reprinted in id.*, at app. 4A-1.

[13] H.R. REP. NO. 60-2222, *supra* note 12, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 13-10.

whatever as to why the term "author" in the Copyright Clause could be interpreted to include "an employer in the case of works made for hire."[14] Instead, it merely stated that the relevant section of the Act "places an interpretation and construction upon the use of certain words."[15] In the legislative history of the 1976 Act, Congress gave as its reason for the expanded definition that: "The pesumption [sic] that initial ownership rights vest in the employer for hire is well established in American copyright law, and to exchange that for the uncertainties of the shop right doctrine[16] would not only be of dubious value to employers and employees alike, but might also reopen a number of other [unspecified] issues."[17]

Patterson and Lindberg point out that these unspecified issues include arguments that invalidating these so-called "corporate" copyrights would create confusion in the publishing industry and would leave many works unprotected. They suggest that such arguments are both venerable and effective[18] although not necessarily valid, for were such invalidation to occur it is quite possible that the copyright would revert to and vest "in the responsible hands of the authors who actually created the works."[19]

The Register of Copyrights has suggested that Congress expanded the definition of "author" to include employers in the case of works made for hire because of the perception "that there are great advantages of convenience and simplicity in assimilating employers to 'authors' for all purposes," and that "the advantages of making the employer an 'author' for purposes of the statute outweigh any conceptual difficulties involved in doing so."[20] As Nimmer and Nimmer have succinctly put it, "[t]he fiction of the employer as author was employed . . . not in order to achieve substantive results that could not have been otherwise achieved, but rather

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[14] Although Congress was only statutorily defining an "author" to include "an employer in the case of works for hire," of necessity it was assuming that the term "authors" in the Clause also read just as expansively. While Congress clearly has authority to restrict the definition of "authors," as encompassed in the Clause, for copyright purposes, it has no constitutional authority to expand that definition and grant copyright to individuals who are not "authors" within the meaning of the Clause.

[15] H.R. REP. NO. 60-2222, *supra* note 12, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 13-31.

[16] A doctrine in patent law whereby the employer has certain rights in inventions made by his or her employees in the course of their employment.

[17] H.R. REP. NO. 94-1476, *supra* note 12, at 121, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 4-114.

[18] They are similar to arguments used by the booksellers in England during the eighteenth century to protect their interests.

[19] *See* L. RAY PATTERSON & STANLEY W. LINDBERG, THE NATURE OF COPYRIGHT: A LAW OF USERS' RIGHTS 86 (1991).

[20] *See* REGISTER'S SUPPLEMENTAL REPORT 66 (1965), *reprinted in* 9 NIMMER & NIMMER, *supra* note 4, at app.15-93 to 15-94.

because of the 'convenience and simplicity' of this manner of achieving [the desired] results."[21] That this legal fiction might run afoul of the constitutional language seems not to have been contemplated.

"The troubling problem," as Patterson and Lindberg stress, "is that the reasons that make the work-for-hire doctrine unconstitutional are the very reasons that make it a convenient and powerful instrument of monopoly."[22] Note that the Clause makes no reference to publishers and does not purport to authorize Congress to give a limited copyright monopoly to them. Given the history of copyright in England in the seventeenth and eighteenth centuries, it is very likely that this was deliberate. Indeed, the House report on the 1909 Act at least implicitly recognized "that to grant the publisher a copyright would be to grant a corporate entity the rights intended to protect only the author, and that those rights could be used to form oppressive monopolies — but then overlooked [or deliberately ignored] its relevance to the work-for-hire doctrine."[23]

It is reasonable therefore to ask on what basis ownership of a work can be said to define authorship in the constitutional sense. In common parlance, the one who writes or creates a work is viewed as the author, and was so viewed at the time the Constitution was drafted. Simply creating a legal fiction that an employer is the author of a work for hire does not mean that such fiction passes constitutional muster. As the Supreme Court has stated: "The power to create presumptions is not a means of escape from constitutional restrictions."[24]

Although this issue has been noted in judicial opinions, it has never been definitively ruled on. On occasion, however, *dicta* have suggested that the term "authors" as used in the Clause may properly be interpreted to include the owner of a work for hire. Thus, e.g., the Second Circuit has declared that: "Though the United States is perhaps the only country that confers 'authorship' status on the employer of the creator of a work for hire . . ., its decision to do so is not constitutionally suspect."[25] It gave no basis for this conclusory statement, even though it recognized that "the employer has shown skill only in selecting employees, not in creating protectable expression," and that declaring an employer an author "seems more like a justification for transfer of ownership than for recognition of authorship."[26]

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21 1 NIMMER & NIMMER, *supra* note 4, § 1.06[C], at 1-66.24.

22 PATTERSON & LINDBERG, *supra* note 19, at 86.

23 *Id.* at 87. For the relevant language of the House report, see H.R. REP. NO. 60-2222, *supra* note 12, at 7, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at 13-11.

24 Bailey v. Alabama, 219 U.S. 219, 239 (1911).

25 Childress v. Taylor, 945 F.2d 500, 507 n.5 (2d Cir. 1991).

26 *Id.* at 506 and 507 n.5.

A basic question that arises is why, if the term "authors" in the Clause is sufficiently broad to read on the proprietors of works made for hire, it is not also sufficiently broad to read on the proprietor of any original work? Another is why Congress has deemed it appropriate to define employers of those making works for hire as authors for purposes of claiming copyright, but has refused to define the term "inventors" for purposes of obtaining patents as reading on the employer of those who make inventions for hire.[27]

In the absence of any clear judicial explanation of a constitutional rationale for why the term "authors" as used in the Copyright Clause is deemed to include the proprietors of works made for hire, it is appropriate now to look in more detail at how authorship has been interpreted generally in the constitutional sense.

II. AUTHORSHIP

As with most things involving interpretation of constitutional language, it is useful to begin with contemporary definitions of "author" at the time the Constitution was drafted. While such contemporary definition is by no means binding on modern interpretation, it nonetheless provides a context against which the Framers may be presumed to have acted when they incorporated the term "authors" into the Copyright Clause. The standard English dictionary in use at the time the Constitution was drafted contained four definitions of "author," to wit: (1) "The first beginner or mover of anything; he to whom any thing owes its original"; (2) "The efficient; he that effects or produces any thing"; (3) "The first writer of any thing; distinct from the translator or compiler"; and (4) "A writer in general."[28]

Since the purpose of the copyright authority set forth in the Clause was in large measure[29] to give Congress power to emulate the British copyright practice as established by the judicial gloss given to the Statute of

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[27] One reason, of course, is that to do so would run afoul of "the constitutional objective of granting a patent (or a reissue patent) to the true inventor." A. F. Stoddard & Co. v. Dann, 564 F.2d 556, 562 (D.C. Cir. 1977).

[28] SAMUEL JOHNSON, A DICTIONARY OF THE ENGLISH LANGUAGE (London 1755).

[29] I say "in large measure" advisedly, because there were British copyright statutes other than the Statute of Anne in effect when the Constitution was drafted. *See, e.g., infra* note 198. I am aware of no commentator who has addressed in any detail the issue of the extent that the Framers actually intended to encompass the subject matter of these other statutes within the compass of the term "writings" as used in the Copyright Clause. I discuss this issue in the text accompanying notes 249-264 *infra*.

Anne enacted in 1710,[30] it is reasonable to inquire first into the language of the Statute and then to review how it was interpreted in the context of authorship in the remainder of the eighteenth century. Two aspects of the statutory language are of interest here. The first is that the Statute was styled "An act for the encouragement of learning." The second is that, although there is nothing to indicate that Parliament literally intended it as such, it would come to be judicially interpreted as providing for an author's right.[31]

The idea that copyright was for the purpose of encouraging learning first found voice in the Statute of Anne. Never before had this been declared to be a purpose of copyright.[32] Nothing in the parliamentary record indicates why the emphasis on encouraging learning came about. Feather states that the petitions presented to Parliament during the debates make "no reference to, or even tacit support of, the encouragement of learning" or for that matter "the rights of authors."[33] Rose, however, suggests that the "priority given to the encouragement of learning" was a direct result of a series of articles published by Daniel Defoe and Joseph Addison arguing that the rights of authors had to be protected.[34] Irrespective of who was responsible for it, this justification for copyright quickly found favor with Parliament and would find its way into the Copyright Clause.

Although it made reference to authors' rights, the real purpose of the Statute of Anne was to protect rights given to "the bookseller or booksellers, printer or printers, or other person or persons, who hath or have purchased or acquired the copy or copies of any book or books, in order to print or reprint the same."[35] The Statute was intended more than any-

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30 8 Anne, c. 19 (1710) (Eng.). The Statute is reprinted in 8 NIMMER & NIMMER, *supra* note 4, at app. 7-5.

31 According to Patterson:

> The statutory copyright provided in the Statute of Anne was a publisher's copyright; but the act was construed to have provided an author's copyright . The distinction between the two concepts — the one intended and the one which resulted — was fundamental. This development had little to do with the Statute of Anne itself; but because the act provided for copyright, and the statutory copyright it provided later came to be an author's copyright, the inevitable conclusion was that the statutory copyright was originally designed to be an author's copyright.

L. RAY PATTERSON, COPYRIGHT IN HISTORICAL PERSPECTIVE 144 (1968).

32 The term "copyright" was quite new at the time the Statute was enacted, having only just come into use in the preceding decade or so. *See* MARK ROSE, AUTHORS AND OWNERS, THE INVENTION OF COPYRIGHT 58 n. 4 (1993).

33 JOHN FEATHER, PUBLISHING, PIRACY AND POLITICS, AN HISTORICAL STUDY OF COPYRIGHT IN BRITAIN 60 (1994).

34 ROSE, *supra* note 32, at 42. *See also* FEATHER, *supra* note 33, at 56.

35 Statute of Anne, 8 Anne, c. 19 (1710) (Eng.), *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 7-5.

thing else as a trade regulation statute, to prevent piracy and protect the interests of the booksellers and publishers. As Patterson points out, the "[e]mphasis on the author in the Statute of Anne implying that the statutory copyright was an author's copyright was more a matter of form than of substance."[36] As evidence of this, Rose notes that during the debates on the bill that became the Statute, an "emphatic statement about authors possessing 'undoubted property' in their 'Books and Writings as the product of their learning and labour' was eliminated from the preamble."[37] He suggests that "the exact status of authorial property was not something to which anyone had given a great deal of thought prior to the parliamentary consideration of a literary property bill — and it is unlikely that the matter was examined in any great detail during the deliberations over the statute."[38]

There was a straightforward reason why at the beginning of the eighteenth century author's rights were at best given only lip service. The booksellers almost always insisted on owning the copyright before they would publish anything. If the author refused, and somehow found a bookseller willing to publish a work without the copyright, there was the substantial risk that there would be inadequate promotion of the work with the idea of forcing the author ultimately to sell the copyright.[39] Thus, typically, the author sold rights in his "copy" outright, and it was assumed that once such rights were transferred, they were of no further concern to the author. As Feather puts it, "[t]he law was for the benefit of the 'proprietors,' not the creators, of books."[40] And indeed for the first quarter century after the Statute was enacted, the rights of authors seem never to have been seriously raised. That changed in 1735 with the efforts of the booksellers to obtain a longer term for copyright.[41] Although the bill failed, the rights of authors were brought more sharply into focus, and thereafter the debates on copyright would center more and more on such rights.[42]

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[36] PATTERSON, *supra* note 31, at 147.

[37] ROSE, *supra* note 32, at 45.

[38] *Id.* at 48.

[39] PATTERSON, *supra* note 31, at 152.

[40] FEATHER, *supra* note 33, at 67.

[41] The booksellers sought to have the initial term of copyright extended to twenty-one years. In so doing, they represented themselves as "acting on behalf as well of Authors and Compilers of such Books, as of themselves." In essence, they were now representing literary property as basically an author's interest and themselves as merely the author's agents and assigns. *See* ROSE, *supra* note 32, at 52.

[42] FEATHER, *supra* note 33, at 74 ("After 1735, it was never again entirely possible to exclude some consideration of the rights of authors when copyright law was under discussion"); ROSE, *supra* note 32, at 56 ("But even if no bill was passed, a significant evolution had occurred in which the focus of the literary-property question shifted from the booksellers to the author").

It was not until after the landmark decision in *Donaldson v. Becket* in 1774 that it would come to be understood that there was indeed a common-law property right of authors in copyright in a published work, but one which had been merged into and could only be enforced in accordance with the Statute of Anne.[43] But if an author's copyright in a published work could only be enforced in accordance with the Statute of Anne, what exactly was an author as that term was used in the Statute? In the first half of the eighteenth century it rather quickly came to be recognized that authorship involved the creation of a manuscript that was the product of mental labor, but did authorship reside in the ideas produced by mental effort or in the form of expression used to set the ideas forth? Through much of the eighteenth century there was considerable confusion as to what authorship actually entailed, and it was only at the time the Constitution was drafted that the dichotomy between ideas and the form of expression of those ideas was beginning to be clearly understood.

Initially, there seems to have been a perspective that the production of the ideas themselves was what constituted authorship. This was certainly the view expressed by William Warburton in 1747 in a pamphlet entitled *A Letter from an Author to a Member of Parliament Concerning Literary Property*. Rose calls this the first theoretical treatment of literary property published in England.[44] According to Warburton, regarding "Property in the Product of the Mind, as in a *Book* composed, it is not confined to the Original MS. but extends to the *Doctrine* contained in it: Which is, indeed, the true and peculiar Property in a Book."[45] In this view, the property which copyright was intended to protect consisted solely of the "doctrine" or ideas that were the product of the mental labor of an author.

In 1760, it was argued in *Tonson v. Collins* that, as Feather puts it, "the very act of publication made it impossible to restrict the ideas and words thus published, and that the law depended upon the 1710 Act which tried to protect those ideas and words for a limited period of time."[46] Again, this argument assumed that copyright was for the purpose of protecting an author's ideas. In his dissent in *Millar v. Taylor* in 1769, Justice

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[43] 4 Burr. 2408, 98 Eng. Rep. 257 (H.L. 1774); *see also* 17 WILLIAM COBBETT, PARLIAMENTARY HISTORY OF ENGLAND cols. 954-1003 (1803). For differing views of the meaning of *Donaldson, cf.* Howard B. Abrams, *The Historic Foundation of American Copyright Law: Exploding the Myth of Common Law Copyright*, 29 WAYNE L. REV. 1119 (1983) and John F. Whicher, *The Ghost of Donaldson v. Beckett: An Inquiry Into the Constitutional Distribution of Powers Over the Law of Literary Property in the United States*, 9 BULL. COPYRIGHT SOC'Y. 102 (1962).

[44] ROSE, *supra* note 32, at 71.

[45] *Id.* at 73.

[46] FEATHER, *supra* note 33, at 85; *see also* ROSE, *supra* note 32, at 77.

Yates voiced a similar sentiment,[47] saying: "But the property here claimed is all ideal; a set of ideas which have no bounds or marks whatever, nothing that is capable of possession, nothing that can sustain the qualities or incidents of property."[48]

But if authorship resided merely in the creation and collection of ideas, why should copyrights be treated any differently than patents? Was there any distinction? Several of the law lords in *Donaldson v. Becket* certainly didn't think so. As Baron Eyre stated, "Exactitude . . . of the Resemblance between a Book" and any other mechanical invention was clear:

> There is the same Identity of intellectual Substance; the same spiritual Unity. In a mechanic Invention the Corporeation of Parts, the Junction of Powers, tends to produce some one End. A literary Composition is an Assemblage of Ideas so judiciously arranged, as to enforce some one Truth, lay open some one Discovery, or exhibit some one Species of mental Improvement. A mechanic Invention, and a literary Composition, exactly agree in Point of Similarity; the one therefore is no more entitled to be the Object of Common law Property than the other.[49]

Eyre was attempting to demonstrate that there was no distinction between invention and literary works and hence between patents and copyrights and that there could be no common-law property right in either. But in so doing, probably without intending to do so, he set forth the distinction between patents and copyrights that would soon come to be recognized.

That distinction resides in what has familiarly come to be known as the idea/expression dichotomy. Whereas a patent provides a limited-term exclusive right in useful embodiments of ideas discovered by an inventor, a copyright provides a limited-term exclusive right in the form of expression or arrangement of the ideas, rather than the ideas themselves, that may be set forth by an author. Eyre presaged the distinction by his statement that: "A literary Composition is an Assemblage of Ideas *so judiciously arranged, as to enforce some one Truth, lay open some one Discovery, or exhibit some one Species of mental Improvement* (emphasis added)." But it would not be until *Baker v. Selden* decided in 1879 that the Supreme

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[47] This was not surprising in that as counsel for Collins in *Tonson v. Collins*, he presented a similar argument. *See* ROSE, *supra* note 32, at 77.

[48] Millar v. Taylor, 98 Eng. Rep. 201, 233 (K. B. 1769).

[49] *The Cases of the Appellants and Respondents in the Cause of Literary Property, Before the House of Lords* (London 1774), *in* THE LITERARY PROPERTY DEBATE: SIX TRACTS 1764-1774, 34 (Stephen Parks ed., 1974).

Court would hold unequivocally that copyright covers only the form of expression and not the ideas expressed.[50]

Nonetheless, in the 1760's an attempt had already been made by no less a personage than William Blackstone to define the subject of literary property inherent in copyright in a manner that sought to distinguish it both from the patent right and any physical embodiment of property in the printed copy. As one of the counsel for Tonson in *Tonson v. Collins*, he argued:

> Style and sentiment are the essentials of a literary composition. These alone constitute its identity. The paper and print are merely accidents, which serve as vehicles to convey the style and sentiment to a distance. Every duplicate therefore of a work, whether ten or ten thousand, if it conveys the same style and sentiment, is the same identical work, which was produced by the author's invention and labour.[51]

Soon thereafter Blackstone made the same point more authoritatively in his Commentaries, saying: "Now the identity of a literary composition consists intirely in the *sentiment* and the *language*; the same conceptions, cloathed in the same words, must necessarily be the same composition: and whatever method be taken of conveying that composition to the ear or the eye of another, by recital, by writing, or by printing, in any number of copies or at any period of time, it is always the identical work of the author that is conveyed."[52]

In Blackstone's view — which would be persuasive both in England and the United States — style, sentiment, and language constituted the essence of literary property. These would come to be capsulized as the form of expression used by an author, and it would be this form of expression that would come to be legally protected by copyright.

This then was a part of the overall backdrop against which the Copyright Clause was set. Nimmer and Nimmer correctly point out that the term "authors" as it appears in the Clause must be construed in its relation to the preceding phrase "To promote the progress of science and useful arts" and within the context of the subsequent term "writings."[53] As the

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[50] As the Court put it: "The very object of publishing a book . . . is to communicate to the world the useful knowledge which it contains. But this object would be frustrated if the knowledge could not be used without incurring the guilt of piracy of the book." 101 U.S. 99, 103 (1879).

[51] 96 Eng. Rep. at 189.

[52] 2 WILLIAM BLACKSTONE, COMMENTARIES ON THE LAWS OF ENGLAND 405-06 (Oxford 1767).

[53] 1 NIMMER & NIMMER, *supra* note 4, § 1.06[B], at 1-66.21. Contrast, however, their view that "the phrase 'To promote the progress of science and useful arts . . .' must be read as largely in the nature of a preamble, indicating the

Supreme Court pointed out in another copyright context in 1834: "There is no mode by which the meaning affixed to any word or sentence, by a deliberative body, can be so well ascertained, as by comparing it with the words and sentences with which it stands connected."[54] While the Supreme Court has most emphatically stated that the introductory language of the Clause is a limitation on the power of Congress which sets forth a constitutional standard of invention and hence of inventorship, it has made no comparable pronouncement that the introductory language sets forth a constitutional standard regarding authorship.[55] It is difficult to perceive, however, on what basis the Court could treat the introductory language as a limitation on the patent power but not on the copyright power.[56]

Be that as it may, the trend in the lower courts has been precisely in the opposite direction when it comes to copyrights. The trend has occurred despite the fact that as early as 1829 a Supreme Court Justice in his capacity as circuit judge held that the introductory language of the Clause did indeed limit the type of subject matter that could be copyrighted,[57] and the Supreme Court seemed clearly to endorse such a view in two opinions in the second half of the nineteenth century.[58] In modern times, the issue has been driven by the copyrighting of works perceived to be obscene. Through the nineteenth century, the introductory phrase of the

purpose of the power but not in limitation of its exercise." *Id.* at § 1.03[A]. I strongly question this latter view. Suffice it to say here, it is difficult to reconcile any view that the introductory language of the Clause does not constitute a limitation on the power of Congress with the view that the terms "authors" and "writings" as used in the Clause must be construed in relation to the introductory language.

54 Wheaton v. Peters, 33 U.S. (8 Peters) 591, 661 (1834).

55 It has, however, clearly stated that a constitutional standard of authorship resides in the terms "authors" and "writings" as they appear in the Copyright Clause. *See, e.g.*, Feist Publ'ns, Inc. v. Rural Telephone Serv. Co., Inc., 499 U.S. 340, 346 (1991); *see also* The Trade-Mark Cases, 100 U.S. 82, 94 (1879); Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53, 58 (1884).

56 The Eleventh Circuit has in fact stated that the introductory language imposes on Congress "an affirmative constitutional duty" to promote the progress of science through the issuance of copyright. Cable/Home Communications Corp. v. Network Prods., Inc., 902 F.2d 829, 842 (11th Cir. 1990). Nimmer and Nimmer contend that this "dictum" should be ignored. 1 NIMMER & NIMMER, *supra* note 4, § 1.03[B] n. 23.1, at 1-66.13. Although there is nothing in the constitutional language that requires Congress to authorize the issuance of copyrights, I submit that once it determined to do so, it does indeed have an affirmative constitutional duty to do so in a manner that promotes the progress of science. *Cf.*, however, the circuit court cases discussed in notes 60-71 *infra* and the text accompanying them.

57 *See* the text accompanying notes 177-179 *infra*.

58 *See* notes 179-181 *infra* and the text accompanying them.

Copyright Clause was thought to preclude the copyright of immoral or obscene works because such were not perceived to promote the progress of either science or useful arts.[59] In more recent times, that perception has gone by the wayside, and with it the view that the introductory phrase places any limitation on copyright. The most frequently cited case is *Mitchell Bros. Film Group v. Cinema Adult Theater*[60] decided by the Fifth Circuit in 1979. In discussing the constitutionality of the copyright statute, the court held that there was no constitutional impediment to a congressional determination "that the best way to promote creativity is not to impose any governmental restrictions on the subject matter of copyrightable works." It concluded that "the protection of all writings, without regard to their content, is a constitutionally permissible means of promoting science and the useful arts."[61]

Inherent in such a view is the presumption that all writings, regardless of their content, "promote the progress of science" as stated in the introductory phrase of the Copyright Clause so that in essence the introductory phrase contains no limitation at all on the subject matter of copyright. Nimmer and Nimmer interpret the holding in *Mitchell Bros.* as being that "the introductory phrase of the Copyright Clause does not require that each of the 'writings' protected by copyright in fact promote science or useful arts, but only [that] Congress shall be promoting these ends by its copyright legislation."[62] By analogy, one may argue that "inventions" protected by patents need not "promote the progress of . . . useful arts," provided only that Congress intends to promote this end by its patent legislation.

In *Mitchell Bros.*, the Fifth Circuit sought to distinguish *Graham v. John Deere Co.*[63] by saying: "In this patent case the Court held that although Congress' power under this Clause is limited to action that promotes the useful arts, it is up to Congress to decide upon the means by which the constitutional command will best be effectuated."[64] What the Supreme Court actually stated was: "*Within the limits of the constitutional grant* (emphasis added), the Congress may, of course, implement the stated purpose of the Framers by selecting the policy which in its judgment best effectuates the constitutional aim."[65] The Fifth Circuit in its discussion of *Graham v. John Deere Co.* chose to simply ignore the view ex-

[59] *See, e.g.*, Martinetti v. Maguire, 16 Fed. Cas. 920 (C.C. Cal. 1867) (No. 9,173); and Barnes v. Miner, 122 F. 480 (S.D.N.Y. 1903).

[60] 604 F.2d 852 (5th Cir. 1979), *cert. denied*, 445 U.S. 917 (1980).

[61] *Id.* at 860.

[62] 1 NIMMER & NIMMER, *supra* note 4, § 1.03[B], at 1-66.12.

[63] 383 U.S. 1 (1966).

[64] 604 F.2d at 860.

[65] 383 U.S. at 6.

pressed therein that promoting the useful arts is a *standard* set forth in the Clause *which may not be ignored.*[66]

Be that as it may, several circuits quickly followed the lead of the Fifth Circuit. Thus, in 1981, the District of Columbia Circuit relied on *Mitchell Bros.* to opine that "we cannot accept appellants' argument that the introductory language of the Copyright Clause constitutes a limitation on congressional power."[67] Likewise, in 1985, the Eighth Circuit cited to *Mitchell Bros.* in holding that the purposes of the introductory phrase of the Copyright Clause "do not limit Congress's power to legislate in the field of copyright."[68] In turn, the Eleventh Circuit, while indicating that the introductory phrase is in fact applicable, nonetheless gives it no clear effect.[69] Thus, in modern times, there is a very real dichotomy[70] between the Supreme Court's treatment of the patent provision of the Copyright Clause, and the interpretation given to the copyright provision by the various circuits.[71]

The relevance of defining the meaning to be given to authorship in the copyright context is apparent when it is recognized that the Copyright Clause "authorizes only the enactment of legislation securing 'authors' the exclusive right to their writings."[72] One of the earliest American cases

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[66] *Id.*

[67] Schnapper v. Foley, 667 F.2d 102, 112 (D.C. Cir. 1981), *cert. denied*, 455 U.S. 948 (1982).

[68] Hutchinson Telephone Co. v. Fronteer Directory Co., 770 F.2d 128, 130-31 (8th Cir. 1985).

[69] Pacific & S. Co. v. Duncan, 744 F.2d 1490, 1498-99 (11th Cir. 1984) ("We agree that the Constitution allows Congress to create copyright laws only if they benefit society as a whole rather than authors alone . . . [But] a copyright holder need not provide the most complete public access possible."), *cert. denied*, 471 U.S. 1004 (1985). *Cf.* Cable/Home Communications Corp. v. Network Prods., Inc., 902 F.2d 829, 842 (11th Cir. 1990) ("The Copyright Act of 1976 . . . is the congressional implementation of an affirmative constitutional duty under the copyright and patent clause '[t]o 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'").

[70] Gordon calls it "disjunctive treatment" and suggests that one reason for it may be the belief that copyright is virtually unable to violate the Clause. *See* Wendy J. Gordon, *An Inquiry into the Merits of Copyright: The Challenges of Consistency, Consent, and Encouragement Theory*, 41 STAN. L. REV. 1343, 1449-50 (1989).

[71] These circuit court opinions also appear at odds with the views expressed by the Supreme Court in *Goldstein v. California* that the "copyright clause" provides both the objective and the means of accomplishing the objective. *See* 412 U.S. 546, 555 (1973).

[72] Scherr v. Universal Match Corp., 417 F.2d 497, 502 (1969) (Friendly, J., dissenting).

defining authorship in the copyright context was decided in 1821 by Justice Washington in his capacity as circuit judge.[73] An injunction had been sought to prevent the copying of a copyrighted historical print of the Declaration of Independence. The issue quickly resolved itself into a determination as to whether the copyright holder was in fact the author of the print in question within the meaning of the copyright statute. The relevant language read "any person being a citizen of the United States, or a resident within the same, who shall invent and design, engrave, etch or work, or from his own works and inventions shall cause to be designed and engraved, etched, or worked any historical or other print, shall have the sole right and liberty of printing, re-printing, publishing and vending such work, for the term of fourteen years. . . ."[74]

It is apparent that, without expressly defining authorship, this language rather clearly sets constraints on who might be the author of a copyrightable print. Justice Washington ruled that while this language did not require the person obtaining the copyright to be the one who actually engraved, etched or worked the print in question, nonetheless authorship required more than mere conception of an idea. The author must have "also designed or represented the subject in some visible form." In his view, copyrightable authorship required more than mere conception. Instead, there had to be a showing of "genius and art."[75]

A different aspect of copyrightable authorship was addressed by Justice Story in 1839 in his capacity as circuit judge.[76] At issue was whether the compiler and arranger of a compilation of notes on Latin grammar taken from a variety of other sources could be viewed as an author for purposes of the copyright law. According to Justice Story, the issue before the court was whether these notes "are to be found collected and embodied in any former single work." He went on to state:

> If no work could be considered by our law as entitled to a copyright, which is composed of materials drawn from many different sources, but for the first time brought together in the same plan and arrangement and combination, simply because those materials might be found scattered up and down a great variety of volumes, perhaps in hundreds, or even thousands of volumes, and might, therefore, have been brought together in the same way and by the same researches of another mind, equally skillful and equally diligent — then, indeed, it would be difficult to say,

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[73] Binns v. Woodruff, 3 Fed. Cas. 421 (C.C.D. Pa. 1821) (No. 1,424).

[74] Act of April 29, 1802, § 2, 2 Stat. 171.

[75] *Binns*, 3 Fed. Cas. at 424.

[76] Gray v. Russell, 10 Fed. Cas. 1035 (C.C.D.Mass. 1839) (No. 5,728).

> that there could be any copyright in most of the scientific and professional treatises of the present day.[77]

In his view, where compilations of previously known materials are prepared, copyrightable authorship resides in the intellectual exertion required to prepare a compilation new in itself. Implicit in this view is the assumption that there must be actual intellectual exertion or labor involved in putting together the compilation in a particular manner and mode.

A few years later in 1846, the issue was at least implicitly raised as to whether a work for hire could be copyrighted in the name of the person procuring the work as opposed to the name of the person actually creating the work. It was argued "that the doctrine of the English law enables a man to secure to himself as his own composition whatever he has had prepared for him by the labors of others." Not so, said the court. Rather, the English cases

> recognize the right of authorship, although the materials were procured by another, and also an equitable title in one person in the labors of another, when the relations of the parties are such that the former is entitled to an assignment of the production. But, to constitute one an author, he must, by his own intellectual labor applied to the materials of his composition, produce an arrangement or compilation new in itself.[78]

It was the line of cases arising out of this reasoning that Congress would decline to follow in the Copyright Act of 1909 when it defined an author as including an employer in the case of works made for hire.[79]

In addressing the meaning to be given to authorship for copyright purposes, these early cases did not make any attempt to construe the meaning of the term "authors" as used in the Copyright Clause. The first indirect attempt to do so by the Supreme Court came about in the so-called *Trade-Mark Cases*[80] in 1879. Congress had assumed that its authority to enact trademark legislation resided in the Clause. The Court accordingly looked to see whether "the essential characteristics of a trade-mark" could be identified with those of "inventions and discoveries in the arts and sciences, or with [those of] the writings of authors."[81] In so doing, it of necessity had to define what it viewed as the essential characteristics of

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[77] *Id.* at 1038.

[78] Atwill v. Ferrett, 2 Fed. Cas. 195 (C.C.S.D.N.Y. 1846) (No. 640), also citing to *Gray v. Russell*, *supra* note 76.

[79] *See* the text accompanying note 8 *supra*.

[80] 100 U.S. 82 (1879).

[81] *Id.* at 94-95.

the "writings of authors" under the Clause.[82] In essence, it declared that in order to be copyrightable under the Clause, the "writings of authors" had to be "original" and "to be the fruits of intellectual labor."[83]

It was thus not surprising that five years later in *Burrow-Giles Lithographic Co. v. Sarony* the Court defined an "author" in the constitutional sense to be: "He to whom any thing owes its origin; originator; maker; one who completes a work of science or literature."[84] In 1973, it again quoted this definition with approval, noting that the term "authors" has not been construed in its narrow literal sense as individuals who write an original composition, but rather "with the reach necessary to reflect the broad scope of constitutional principles."[85]

In light of the views expressed in *The Trade-Mark Cases* and in *Burrow-Giles*, it is surprising that the 1909 Copyright Act failed either to de-

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[82] Although its emphasis was on "writings," it was seeking at least indirectly to define what a modern copyright treatise calls "the essence of authorship" under the clause. *See* 1 NIMMER & NIMMER, *supra* note 4, § 1.06[A], at 1-66.21.

[83] The wording used by the Court was: "[W]hile the word *writings* may be liberally construed, as it has been, to include original designs for engraving, prints, &c., it is only such as are *original*, and are founded in the creative powers of the mind. The writings which are to be protected are the *fruits of intellectual labor*, embodied in the form of books, prints, engravings, and the like"(emphasis in the original). 100 U.S. at 94. *See also* Higgins v. Keuffel, 140 U.S. 428 (1891) wherein the Court stated that the Clause "evidently has reference only to such writings . . . as are the result of intellectual labor." *Id.* at 431.

[84] Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53, 58 (1884). This definition was largely consistent with that existing at the time the Constitution was drafted. *See* the text accompanying note 28 *supra*. *Cf.* the refusal of the Court to define the term "inventors" in the constitutional sense. It early on had an opportunity to address the meaning to be given to "inventors" and "discoveries," but declined to do so. *See* Evans v. Eaton, 16 U.S. (3 Wheat.) 454, 513 (1818). Burchfiel suggests that Justice Black's dissent in Exhibit Supply Co. v. Ace Patents Corp., 315 U.S. 126, 137 (1942) is predicated "upon an essentially semantic argument that the constitutional terms 'inventors' and 'discoveries' may be redefined according to individual justices' views of the intrinsic worth of the invention." *See* Kenneth J. Burchfiel, *Revising the "Original" Patent Clause: Pseudohistory in Constitutional Construction*, 2 HARV. J. L. & TECH. 155, 170 (1989). Justice Black had stated that: "The Constitution authorizes the granting of patent privileges only to inventors who make 'discoveries.' * * * To call the device here an invention or discovery such as was contemplated by the Constitution . . . is, in my judgment, to degrade the meaning of those terms." 315 U.S. at 138. But Justice Black did not attempt any definition of the meaning to be given to "inventors" and "discoveries" as used in the Constitution.

[85] Goldstein v. California, 413 U.S. 546, 561 (1973). A cynic might be excused for suggesting that the quoted language is a fancy phrase signifying absolutely nothing.

fine originality or even to state that it was required for copyright protection. In 1991, the Court took cognizance of this, but stated that the 1909 Act implicitly incorporated the originality requirement articulated in the Court's earlier decisions. According to the Court: "By using the words "writings" and "author" — the same words used in [the Copyright Clause] and defined by the Court in *The Trade-Mark Cases* and *Burrow-Giles* — the statute necessarily incorporated the originality requirement articulated in the Court's decisions."[86]

Be that as it may, the 1976 Copyright Act did expressly state that copyright protection subsists only in "original works of authorship"[87] but again failed to provide any definition of what was intended by "original." The legislative history of the Act explained that this omission was deliberate, and that the phrase "original works of authorship" as used in the Act

> is intended to incorporate without change the standard of originality established by the courts under the present [1909] copyright statute. This standard does not include requirements of novelty,[88] ingenuity, or esthetic merit, and there is no intention to enlarge the standard of copyright protection to require them.[89]

One of the reasons given for the use of the phrase "original works of authorship" was "to avoid exhausting the constitutional power of Congress to legislate in this field." According to the legislative history, this language was used because "all the writings of an author" as incorporated in the 1909 Act "is substantially the same as the empowering language of the

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[86] Feist Publ'ns, Inc. v. Rural Telephone Serv. Co., Inc., 499 U.S. 340, 351 (1991).

[87] 17 U.S.C. § 102(a) (1994).

[88] Novelty is a constitutional requirement for patentability but apparently is not a constitutional requirement for copyrightability, although why this should be the case is unclear. Thus it is possible to copyright a work that is identical to another copyrighted work provided only that the second work is original in its own right and has not been copied from the first work. *Feist*, 499 U.S. at 346. Conceptually, it is difficult to see how copyrighting of a work that is not novel serves in any way to promote the progress of science as contemplated by the Clause. *Cf.* Kaplan's view that:

> novelty would in all events be a poor criterion [for copyrightability]. If it is difficult, perhaps an illusory, measure in the field of mechanical improvements, how much harder would it be in literature or the other arts. Starting even with the bias of an extreme Romanticism, how does one determine what is "new," or significantly or importantly new? And is it newness, a fresh departure from the past, that we want uniquely to encourage by law? In time a standard of novelty would have to be debased or distorted, else copyright as a system would lose all viability.

BENJAMIN KAPLAN, AN UNHURRIED VIEW OF COPYRIGHT 43 (1967).

[89] H.R. REP. NO. 94-1706, at 51, (1976), *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 4-13.

Constitution." The concern of Congress was that, if the existing language was continued to be used, and was deemed to be coextensive with the constitutional language, "courts would be faced with the alternative of holding copyrightable something that Congress did not intend to protect, or of holding constitutionally incapable of copyright something that Congress might one day want to protect."[90] On what basis Congress could properly authorize copyright for something that was constitutionally incapable of copyright was not stated.

Nonetheless, the Supreme Court would soon find itself revisiting the meaning to be given to the constitutional requirement for originality. In 1985, the Court in *Harper & Row v. Nation Enterprises*[91] declared that "[n]o author may copyright his ideas or the facts he narrates."[92] In so stating, it relied explicitly on statutory language[93] and implicitly on the First Amendment.[94] But it could just as easily have found a constitutional basis for this view in the introductory language of the Clause. Indeed, the introductory language may readily be read as creating a limitation on the power of Congress to authorize copyright in ideas or facts because giving an exclusive right to ideas or facts does not promote the progress of science, i.e., knowledge and education.

It pointed out that "copyright is limited to those aspects of the work — termed 'expression' — that display the stamp of the author's originality," and noted that "[c]reation of a nonfiction work, even a compilation of pure fact entails originality."[95] Having said this, it went on to indicate that "[e]specially in the realm of factual narrative, the law is currently unsettled regarding the ways in which uncopyrightable elements combine with the author's original contributions to form protected expression."[96] As the new millennium begins, this law is still unsettled.

Implicit in the views expressed in *Harper & Row* is the premise that while originality is a necessary constitutional requirement for copyright, it may not in and of itself meet the requisite constitutional standard. That is to say, something more than simple originality might be required. The Court addressed that standard in 1991 in *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*[97] It began its analysis with the observation

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90 *Id.* at 51, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 4-14.

91 471 U.S. 539 (1985).

92 *Id.* at 556.

93 17 U.S.C. § 102(b) (1994).

94 New York Times Co. v. United States, 403 U.S. 713, 726 (1971) (Brennan, J., concurring) (Copyright laws are not restrictions on freedom of speech as copyright protects only forms of expression and not the ideas expressed.).

95 471 U.S. at 547.

96 *Id.* at 548.

97 499 U.S. 340 (1991).

that: "The sine qua non of copyright is originality,"[98] and emphasized that: "The originality requirement is *constitutionally mandated* for all works."[99]

So far, so good, but then it went on to state that in *The Trade-Mark Cases* it had "explained that originality requires independent creation plus a modicum of creativity."[100] But this was a revisionist treatment of what had actually been said in *The Trade-Mark Cases*, namely, that "writings" in the constitutional sense had to be both "original" and "founded in the creative powers of the mind."[101] These were viewed as separate and distinct requirements, with "originality" being merely a requirement of independent creation, i.e., that the work had not been literally copied from someone else, and creativity embodying "intellectual labor."[102] In *Feist* for the first time the Court defined originality as incorporating a requirement for creativity.[103]

Nimmer and Nimmer emphasize, I believe correctly, that it is important to distinguish between originality and intellectual labor or creativity despite the fact that the two concepts are sometimes treated interchangeably.[104] They suggest that the requirement for originality arises from the interpretation given to "authors" in the Clause, whereas the requirement for creativity is an absolute standard. Left unsaid but implicit in the latter point is the view that there is no basis in the language of the Clause for such a standard. While the Supreme Court has not seen fit to tie the requirement for creativity to any specific language of the Clause, I would argue that the introductory language rather clearly provides the basis for such a requirement.[105] For if no creativity is required for copyright, the manner in which it serves to promote the progress of science is suspect.

But a closer look at the *Feist* opinion reveals that the true constitutional requirement for copyrightable authorship is some modicum of creativity.[106] That creativity may reside in the particular collocation of words

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98 *Id.* at 345.

99 *Id.* at 347.

100 *Id.* at 346.

101 100 U.S. at 94.

102 *Id.*

103 As the Court put it: "Originality requires only that the author make the selection or arrangement independently (i.e., without copying that selection or arrangement from another work), and that it display some minimal level of creativity." 499 U.S. at 359.

104 1 NIMMER & NIMMER, *supra* note 4, § 1.08[C][1], at 1-66.31.

105 Because of their view that the introductory language does not place any limitation on the copyright power of Congress, Nimmer and Nimmer presumably would disagree with any such view. *See supra* note 53.

106 499 U.S. at 362 ("the Constitution mandates some minimal degree of creativity"); and 499 U.S. at 363 ("As a constitutional matter, copyright protects only those constituent elements of a work that possess more than a de minimus quantum of creativity.").

or in a particular selection and arrangement of facts.[107] But copyright may not constitutionally extend to the facts themselves.[108] A compilation or listing of facts may literally be original in the sense of having originated with an author, but it is only the form and arrangement of the compilation or listing that may be copyrighted and then only if the form or arrangement has the requisite creativity. That creativity must be such as "to transform mere selection into copyrightable expression."[109]

One difficulty with the Copyright Act of 1976 was that it defined "compilation" in a manner that assured copyrightability. In declaring a compilation to be "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,"[110] the Act literally defined a "compilation" as copyrightable. But in common parlance, the term "compilation" in no way *requires* that there be originality in the manner in which the preexisting facts are collected and assembled. It is for this reason that the Court in *Feist* declared that "[n]ot every selection, coordination, or arrangement will pass [constitutional] muster" as a copyrightable compilation.[111]

It is thus apparent from *Feist* that not all compilations and listings of factual information are copyrightable, and the decision therein declared that the telephone directory at issue was not copyrightable. An intriguing aspect of the *Feist* opinion was its declaration that the selection of telephone listings at issue "could not be more obvious."[112] This seems to suggest that obviousness of the particular selection and arrangement of facts plays a bearing on whether a factual compilation may be copyrightable. Non-obviousness is of course an important standard for patentability, and, to the extent it has been argued to be required as a constitutional standard for invention, such argument has been predicated on the introductory language of the Clause.[113]

In this regard, it is interesting to note that in 1971 Justice Douglas argued that: "No reason can be offered why we should depart from the plain import of this grant of congressional power and apply more lenient constitutional standards to copyrights than to patents."[114] In essence, he argued that there should be a constitutional standard for copyright predicated on the introductory language in a similar fashion that the Supreme

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107 *Id.* at 348-49.

108 *Id.* at 351 ("In no event may copyright extend to the facts themselves.").

109 *Id.* at 362.

110 17 U.S.C. § 101 (1994).

111 499 U.S. at 358.

112 *Id.*

113 *See* Graham v. John Deere Co., 383 U.S. 1 (1966).

114 Lee v. Runge, 404 U.S. 887, 890 (1971) (Douglas, J., dissenting).

Court had declared in *Graham v. John Deere Co.* that this language set a constitutional standard of invention.[115] In an attempt to differentiate the views expressed in *Graham,* Nimmer and Nimmer argue that there is a clear constitutional differentiation between the patent grant and the copyright grant and between the constitutional requirement of novelty in the patent law[116] and that of originality in the copyright law.[117]

In so doing, they seek to rely heavily on *Alfred Bell & Co.v. Catalda Fine Arts*, a 1951 opinion in the Second Circuit, wherein Judge Jerome Frank stated that "the Constitution . . . recognizes that the standards for patents and copyrights are basically different."[118] In support of this view, he argued that: (a) the language of the Copyright Clause differentiates "authors" and their "writings" from "inventors" and their "discoveries"; and (b) the first patent statutes set a more stringent standard for patentability than did the first copyright statutes for copyrightability.[119] Neither statement, in and of itself without more, particularly supports the conclusion drawn by Judge Frank. Thus, Judge Frank made no attempt whatever to demonstrate in what manner the language of the Clause differentiates between "authors" and their "writings" and "inventors" and their "discoveries." He failed entirely to recognize that the use of the singular "the exclusive right" in the Clause to refer to both the patent grant and the copyright grant was deliberate. This can be taken as indicative of an intent to treat the two grants, however defined, in a similar fashion. Secondly, the fact that the first patent and copyright statutes created a more stringent standard for patents than for copyrights is indicative only of the fact that

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[115] As the *Graham* Court put it:

> The Congress in the exercise of the patent power may not overreach the restraints imposed by the stated constitutional purpose. Nor may it enlarge the patent monopoly without regard to the innovation, advancement or social benefit gained thereby. Moreover, Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available. Innovation, advancement, and things which add to the sum of useful knowledge are inherent requisites in a patent system which by constitutional command must "promote the Progress of . . . useful Arts." This is the *standard* expressed in the Constitution and it may not be ignored. And it is in this light that patent validity "requires reference to a standard written into the Constitution."

383 U.S. at 5-6, citing to the concurring opinion of Justices Douglas and Black in *Great Atlantic & Pacific Tea Co. v. Supermarket Equip. Corp.* 340 U.S. 918 (1951).

[116] Unlike almost all patent commentators, Nimmer and Nimmer contend that the views expressed by the Court in *Graham* refer to the standard of novelty.

[117] 1 NIMMER & NIMMER, *supra* note 4, § 2.01[A], at 2-8.

[118] 191 F.2d 99, 102 (2d Cir. 1951).

[119] *Id.* at 100-01.

Congress is given rather wide discretion to set the standards for the two types of grant. There is nothing in the Clause that in any way compels a different standard for the patent grant than for the copyright grant, provided only that the limitations set forth in the Clause are in fact met.[120] There may indeed be valid reasons for Congress to have set different standards for patents than for copyrights, but a constitutional requirement is not one of them.

Moreover, the Supreme Court has made clear that "because of the historic kinship between patent law and copyright law" the doctrines of the one may be applied to the other, but only with due care because "[t]he two areas of the law . . . are not identical twins."[121] If the language of the Copyright Clause does not per se require different standards for patentability and copyrightability, then there is nothing to preclude the Supreme Court from reading an unobviousness component into the constitutional creativity standard for copyright declared in *Feist*. The pragmatic question arising out the Court's language in *Feist* is whether it actually intended to treat unobviousness as a necessary component of creativity or whether it merely intended for obviousness to be considered as a factor in determining whether the constitutionally required creativity is present.

It is difficult to understand why the Court would have made any reference to the obviousness of the listing at issue in *Feist* if it did not consider this obviousness as at least a factor in its determination that the required constitutional creativity was not present. Yet earlier in the same opinion it had declared:

> To be sure, the requisite level of creativity is extremely low; even a slight amount will suffice. The vast majority of works make the grade quite easily, as they possess some creative spark, "no matter how crude, humble or obvious" it might be.[122]

Perhaps the best that can be said is that the *Feist* opinion appears inconsistent in its treatment of obviousness as a factor in determining the existence of constitutionally required creativity.

To the extent that originality and creativity have been determined to be constitutional requirements for copyright, those requirements have been predicated on the interpretations given to both "authors" and "writings" in the Clause. We look now to the extent that the term "writings" sets forth any additional constitutional requirement for copyright.

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120 A discussion of the constitutional limitations on patentability is beyond the purview of this article. Suffice it to say that they include the requirements of novelty and utility.

121 Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417, 439 (1984).

122 499 U.S. at 345, citing 1 NIMMER & NIMMER, *supra* note 4, § 1.08[C][1], at 1-66.31.

III. WRITINGS

There is nothing to indicate what the Framers intended by their use of the term "writings" in the Clause.[123] The standard English dictionary of the times provided three definitions of "writing": (1) "A legal instrument"; (2) "A composure; a book"; and (3) "A written paper of any kind."[124] The Statute of Anne referred to "books and other writings"[125] but did not attempt to define what was encompassed within the phrase "other writings." From the context, it is apparent, however, that what was encompassed were books and other printed works. It is quite likely that the Framers used the term "writings" in the Clause simply because it appeared in the Statute of Anne and had a broader connotation than simply "books." Whether they actually intended the term to encompass more than simply printed works is an open question, and one not likely to ever be satisfactorily answered.[126] Be that as it may, both Congress and the judiciary, from the enactment of the Copyright Act of 1790 to the present,

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[123] The term "writings" is not found in any of the proposals that ultimately were transformed into the Clause. According to a congressional study written in 1956: "The fact that the clause contained the word 'writings' while the original proposals did not, permits opposing conjectures: (1) the word was used as a limitation upon the broad scope of all proposals; or (2) since the word was included by the committee on style and there was no consideration by the convention, it can be inferred that the change was not substantive but merely formal." Walter Derenberg, *Study No. 3, The Meaning of "Writings" in the Copyright Clause of the Constitution* 71, *in* COPYRIGHT LAW REVISION: STUDIES PREPARED FOR THE SUBCOMMITTEE ON PATENTS, TRADEMARKS, AND COPYRIGHTS OF THE SENATE COMMITTEE ON THE JUDICIARY, 86th CONG. (Comm. Print 1961). Although the study got its committees wrong [the Clause was not drafted by the committee on style], it was essentially correct in suggesting that the issue raised by incorporation of "writings" in the Clause was the extent to which it was intended to be a limitation on the copyright power of Congress.

[124] SAMUEL JOHNSON, A DICTIONARY OF THE ENGLISH LANGUAGE (London 1755).

[125] *See* Statute of Anne, c. 19 (1710) (Eng.), *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 7-5.

[126] *Cf.* the view of the Seventh Circuit at the beginning of the twentieth century that if "the intention of the framers . . . [were] to give boundary to the constitutional grant, many writings to which copyright has since been extended, would have been excluded." National Tel. News Co. v. Western Union Tel. Co., 119 F. 294, 297 (7th Cir. 1902). It is of interest to note that H.R. 43 which became the Copyright Act of 1790 as sent to the Senate on April 30, 1790 covered "maps, charts, books, and other writings," but the Senate deleted "other writings" so that this phrase does not appear in the Copyright Act of 1790. *See* 4 DOCUMENTARY HISTORY OF THE FIRST FEDERAL CONGRESS OF THE UNITED STATES 526 (Linda De Pauw et al. eds., 1972).

have given it an ever more expansive definition regardless of its actual dictionary definition.[127]

If the term "authors" as used in the Clause must be interpreted or construed in its relation to the introductory language and in the context of "writings" as that term appears in the Clause,[128] then it follows that the term "writings" must also be construed or interpreted in the same fashion. As will be seen, the Supreme Court has certainly indicated that the constitutional meanings of "authors" and "writings" is closely interwoven, but does the introductory language of the Clause, i.e., "to promote the progress of science and useful arts," place a constitutional limitation on the nature or type of "writings" that may be copyrighted?[129] Phrased somewhat differently, does it require a constitutional standard for "writings" in a similar fashion as the Court has declared it does for "discoveries"?[130] As I have indicated in the context of authorship, it is difficult to perceive on what basis the Court could treat the introductory language of the Clause as a limitation on the patent power but not on the copyright power.[131] The Court has yet to directly address this issue, but in a number of opinions it has used language that suggests that in an appropriate case it would so hold.[132] Again, an historical perspective is in order. Thus, in interpreting the meaning to be given to language of the Clause in another copyright context in 1834, it declared that the best mode of ascertaining the meaning to be given to a word therein was by comparing that word with the words and sentences with which it stands connected.[133] Ten years earlier, Chief Justice Marshall had emphasized that in determining the scope of the enumerated powers given to Congress by the Constitution, "[w]e know of no rule for construing the extent of such powers, other than

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127 As a 1956 congressional study put it, copyright legislation and legislative history reveal a tacit assumption "that Congress may constitutionally include in a copyright statute whatever it wishes"; moreover, "[l]argely unnoticed and unquestioned, the courts have interpreted the copyright provision of the Constitution far beyond its literal meaning." *See Study No. 3, supra* note 124, at 71 and 83.

128 *See* the text accompanying note 53 *supra*.

129 I have elsewhere argued that it places a limitation on the duration of the copyright term. *See* Edward C. Walterscheid, *Defining the Patent and Copyright Term: Term Limits and the Intellectual Property Clause*, 7 J. INTELL. PROP. L. 1 (2000).

130 *See* Graham v. John Deere Co., 381 U.S. 1, 5-6 (1966).

131 *See supra* note 56 and accompanying text.

132 The Court could just as easily have predicated its view in *Feist* that a constitutional requirement of creativity exists for copyright on an interpretation of the introductory language as it did on an interpretation of "authors" and "writings."

133 *See supra* note 54 and accompanying text.

is given by the language of the instrument which confers them, taken in connection with the purposes for which they are conferred."[134]

In one of the earliest copyright cases, decided in 1829, Justice Thompson in his capacity as circuit judge relied on the introductory language of the Clause to rule that newspapers were not copyrightable.[135] In 1879, the Supreme Court quoted with favor the views expressed by Justice Thompson in 1829.[136] In 1891, the Court expressly relied on the introductory language to hold that labels and other common advertisements were not copyrightable because they were not "writings" within the meaning of the constitutional language.[137] Without expressly so stating, the Court in this instance clearly treated the introductory language as a limitation on the power of Congress to define what constituted a "writing" within the meaning of the Clause.

In modern times, in the patent context, the Court has declared that "Congress in the exercise of the patent power may not overreach the restraints imposed by the stated constitutional purpose," and that "'promot[ing] the Progress of . . . useful Arts' is the *standard* expressed in the Constitution and it may not be ignored."[138] If such a constitutional standard exists regarding what constitutes patentable "discoveries" as that term is used in the Clause, then it is reasonable to suppose that a similar restraint exists with respect to what constitutes copyrightable "writings."[139] Indeed, on several occasions the Court has stated that: "The primary objective of copyright is not to reward the labor of authors, but '[t]o promote the Progress of Science and useful Arts.'"[140] If the primary purpose of copyright is to promote the progress of science and useful arts, then clearly this introductory language has relevance in defining and limiting the meaning to be given to "writings" in the Clause.

One would never know these Supreme Court views from looking at the analysis of the introductory language given in *Nimmer & Nimmer*, however. In their view

> the introductory phrase, rather than constituting a limitation on Congressional authority, has for the most part tended to expand

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134 Gibbons v. Ogden, 22 U.S. (9 Wheat.) 1, 187-88 (1824).

135 Clayton v. Stone, 5 Fed. Cas. 999 (C.C.S.D.N.Y. 1829) (No. 2,872). For a discussion of this case, see the text accompanying notes 175-178 *infra*.

136 Baker v. Selden, 101 U.S. 99, 105 (1879).

137 Higgins v. Keuffel, 140 U.S. 428, 430 (1891). *See also* the text accompanying note 181 *infra*.

138 Graham v. John Deere Co., 383 U.S. 1, 5-6 (1966).

139 The only distinction might be that the Court would replace "to promote the progress of . . . useful arts" with "to promote the progress of science."

140 *See* Feist Publ'ns, Inc. v. Rural Telephone Serv. Co., Inc., 499 U.S. 340, 349 (1991); and Twentieth Century Music Co. v. Aiken, 422 U.S. 151, 156 (1975).

> such authority.[141] This for the reason that the conjunction of the phrase with the term "writings" indicates that the latter is not to be confined to a narrow definition.[142]

Why or on what basis this "conjunction" is so indicative is not stated. Rather, they contend that "the phrase 'To promote the progress of science and useful arts . . .' must be read largely in the nature of a preamble, indicating the purpose of the power but not in limitation of its exercise."[143]

The only Supreme Court authority cited for this latter view is *Jacobson v. Massachusetts* wherein the Court stated only that the preamble of the Constitution itself "has never been regarded as the source of any substantive power conferred on the government of the United States, or on any of its departments."[144] But the Copyright Clause is in fact a grant of substantive power to the Congress, and as indicated by the various Supreme Court statements noted above, the substantive grant of power therein must be interpreted in the context of the limitations imposed by the introductory language of the Clause.

Although no court has expressly so ruled, Nimmer and Nimmer contend that "the most significant constitutional limitation" in the copyright provision of the Clause resides in the term "writings."[145] Their rationale for so stating is that only works that qualify as writings may be copyrighted.[146] This is indeed true, but it is equivalent to saying that only inventions that qualify as "discoveries" may be patented. Both statements are conceptually correct,[147] but it does not follow that the terms "writings" and "discoveries" in and of themselves constitute the most important constitutional limitations in the Clause. This is particularly true in the copyright context because of the declaration by the Supreme Court in 1971 that "'Writings' . . . [are not] construed in their narrow literal sense but, rather, with the reach necessary to reflect the broad scope of constitutional princi-

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141 The only cases cited in support of this view are *Schnapper v. Foley*, 667 F.2d 102,111 (D.C. Cir. 1981); and *Ladd v. Law & Technology Press*, 762 F.2d 809, 812 (9th Cir. 1985), both of which cite as authority for this view *Nimmer & Nimmer*. In essence, Nimmer and Nimmer contend that the statement is correct because these two circuit courts have cited them as saying it is correct. It would be nice to have something other than this circular reasoning as authority for the proposition.

142 1 NIMMER & NIMMER, *supra* note 4, § 1.03[B], at 1-66.13.

143 *Id.* § 1.03[A], at 1-66.12 .

144 197 U.S. 11, 23 (1904).

145 1 NIMMER & NIMMER, *supra* note 4, § 1.08[A], at 1-66.27.

146 *Id.*

147 Although some discoveries do not constitute patentable invention. Thus, e.g., the discovery of natural phenomena in and of itself is not patentable.

ples."[148] Perhaps the best interpretation that can be given this language by the Court is simply that it means that the term "writings" as it appears in the Clause is to be liberally construed.[149] But the more liberally the term is construed, the less significance it has as a constitutional limitation.

The Court at the same time, however, saw fit to provide an open-ended definition of "writings" as that term appears in the Clause, saying: "although the word 'writings' might be limited to script or printed material, it may be interpreted to include any physical rendering of the fruits of creative intellectual or aesthetic labor."[150] I suggest that this is an open-ended definition because saying that "'writings' . . . may be interpreted to include" in no way serves as an actual limitation on what is to be actually included within the term. Arguably, however, it does set two specific constitutional limitations on a copyrightable writing, regardless of how the term may be otherwise defined.[151]

The first is one that has already been discussed in the context of authorship, namely, the requirement for creativity. The second is that there be a physical rendering or manifestation of the creative effort. The 1976 Copyright Act translates this into a requirement that a work be fixed in a "tangible medium of expression."[152] In turn, the Act declared that:

> A work is "fixed" in a tangible medium of expression when its embodiment in a copy or phonorecord, by or under the authority of the author, is sufficiently permanent or stable to permit it to be perceived, reproduced, or otherwise communicated for a period of more than transitory duration. A work consisting of sounds, images, or both, is "fixed" for purposes of this title if a fixation of the work is being made simultaneously with its transmission.[153]

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148 Goldstein v. California, 413 U.S. 546, 561 (1973).

149 *But see supra* note 85.

150 413 U.S. at 561. It is not surprising therefore that the Eleventh Circuit has declared that "the term 'Writings' has been interpreted so broadly as to include much more than writings in the literal sense, or the lay definition of the word." United States v. Moghadam, 175 F.3d 1269, 1274 (11th Cir. 1999).

151 *Cf.* the earlier definition of "writings" as used in the Clause given in *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 58 (1884) ("Writings" defined as "all forms of writing, printing, engraving, etching, etc., by which the ideas of the mind of the author are given visible expression."). This definition occurred at a time when the recording of sound was in its infancy and had not yet been perfected. It literally suggests that sound recordings are not constitutionally subject to copyright.

152 17 U.S.C. § 102(a) (1994).

153 17 U.S.C. § 101 (1994).

This means in essence that it must be recorded in some fashion, such that its content can be reproduced at some future time.

In this view, a live performance or broadcast that is being simultaneously recorded is protectable by copyright. But as Nimmer and Nimmer point out, "this issue is ultimately one of constitutional, rather than of statutory dimension" for if a live performance or broadcast does not fall within the constitutional meaning of "writing" Congress has no authority to declare it to be copyrightable.[154] Surprisingly, there has as yet been no definitive judicial determination of whether a live performance or broadcast that is being simultaneously recorded constitutes a "writing" within the meaning of the intellectual property clause, but in light of the policy of liberal interpretation followed by the Supreme Court there is no reason to believe that it would not declare a live performance being simultaneously recorded as in fact a writing and hence subject to copyright.[155]

Recently, however, the Eleventh Circuit has seen fit to suggest that "fixation, as a constitutional concept, is something less than a rigid, inflexible barrier to Congressional power."[156] It bases this view "on the ease with which" Congress has declared that a work being transmitted is deemed fixed and hence copyrightable if it is being fixed simultaneously with its transmission.[157] It recognizes that this declaration by Congress is in fact another of those legal fictions that so predominate in the copyright law.[158]

IV. COPYRIGHTABLE WORKS

The term "works" appears in the Copyright Act of 1976 in the phrase "original works of authorship."[159] The phrase is purposely left undefined in the statute.[160] Likewise, no definition of "works" is provided, although definitions for various categories of "works" are provided.[161] The use of

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154 1 NIMMER & NIMMER, *supra* note 4, § 1.08[C][2], at 1-66.34.

155 In 1999, the Eleventh Circuit declined "to decide whether the fixation concept of the Copyright Clause can be expanded so as to encompass live performances that are merely capable of being reduced to tangible form, but have not been." United States v. Moghadam, 173 F.3d 1269, 1274 (11th Cir. 1999).

156 *Moghadam*, 173 F.3d at 1281.

157 *See* the text accompanying note 154 *supra*.

158 *Moghadam*, 173 F.3d at 1280-81.

159 17 U.S.C. § 102(a) (1994).

160 *See* the text accompanying notes 87-89 *supra*.

161 Thus, e.g., "anonymous work," "architectural work," "audiovisual works," "collective work," "derivative work," "joint work," "literary works," "pictorial, graphic, and sculptural works," "pseudonymous work," "a work of visual art," "a work of the United States government," and "a work made for hire" are all defined. *See* 17 U.S.C. § 101 (1994).

the term "works" is a continuing deliberate attempt by Congress to metamorphose by legal fiction the term "writings" as it appears in the Copyright Clause into an open-ended and much broader term.[162] The term "works" is much more malleable and facile than is the term "writings," and already the use of "writings" in the context of copyright is becoming archaic.

Just as the term "works" is deliberately left undefined, so too Congress has taken steps to assure that the subject matter of copyright is left open. Works of authorship that may be copyrighted, provided that they are fixed in a tangible medium of expression, include: (1) literary works; (2) musical works, including any accompanying words; (3) dramatic works, including any accompanying music; (4) pantomimes and choreographic works; (5) pictorial, graphic, and sculptural works; (6) motion pictures and other audiovisual works; (7) sound recordings; and (8) architectural works.[163] The legislative history of the 1976 Act makes clear that this listing is illustrative only and not in any way intended to be limiting.[164] Rather, the intent is to "free the courts from rigid or outmoded concepts of the scope of particular categories."[165]

Of specific interest to the present work is the statement in the legislative history of the 1976 Act that: "As a class of subject matter sound recordings are clearly within the scope of the 'writings of an author' capable of protection under the Constitution."[166] No authority is stated for this conclusory statement. It is literally contrary to the definition of "writings" as used in the Clause set forth by the Supreme Court in 1884 which limited "writings" to those forms of expression that are "visible" as opposed to auditory.[167] Once again, in order to enlarge the scope of copyright Congress engaged in a massive legal fiction.[168]

The 1976 Act also took pains to enlarge the scope of copyright in another fashion, namely, by granting to the copyright owner the exclusive right to prepare or authorize the preparation of "derivative works based

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[162] The metamorphosis began with the Copyright Act of 1909. For a discussion on this point, see the text accompanying notes 210-227 *infra*.

[163] 17 U.S.C. § 102(a) (1994).

[164] Indeed, the 1976 Act listed only the first seven categories, and the eighth, "architectural works," was only added in 1990. *See* Pub. L. 101-650, Title VII, § 703, 104 Stat. 5133 (1990).

[165] *See* H. R. REP. NO. 94-1476, *supra* note 89 at 53, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 4-17.

[166] *Id.* at 56, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 4-20 to app. 4-21.

[167] *See supra* note 148.

[168] For a discussion of the role of fictions and fallacies in copyright law, see PATTERSON & LINDBERG, *supra* note 19, at ch. 10.

upon the copyrighted work."[169] It defined "derivative works" as those "based upon one or more preexisting works, such as a translation, musical arrangement, dramatization, fictionalization, motion picture version, sound recording, art reproduction, abridgment, condensation, or any other form in which a work may be recast, transformed, or adapted."[170]

To understand how "writings" as used in the Copyright Clause got transformed in the manner noted above, it is useful to once again turn to the historical record. The first copyright act in 1790 authorized copyright in "maps, charts,[171] and books."[172] Books were clearly writings within the context of the Copyright Clause, but how and why did maps and charts get encompassed within "writings." The answer resides in the fact that the Clause was intended to authorize Congress to grant rights similar to those existing in Great Britain and certain states.[173] It thus took a legal fiction — and a rather significant one — to extend "writings" to cover maps and marine charts.

In the next two centuries the scope of copyright would be continuously broadened and expanded by Congress. Some of this statutory expansion was in response to conservative judicial interpretations. Thus, before looking at the statutuory changes in copyrightable works it is useful to look at judicial views on the subject, particularly in the nineteenth and early twentieth centuries.

An early copyright case, *Clayton v. Stone*,[174] decided by Justice Thompson on circuit in 1829 provides an example of the ambivalence with which copyright was viewed early on in the courts and indeed through much of the nineteenth century. In dictum, Justice Thompson declared that: "A book within the statute need not be a book in the common and ordinary acceptation of the word, viz., a volume made up of several sheets bound together; it may be printed only on one sheet, as the words of a song or the music accompanying it."[175] The real issue, however, was

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169 17 U.S.C. § 106 (1994).

170 17 U.S.C. § 101 (1994).

171 The distinction between a map and a chart is that a map refers to land features whereas a chart refers to ocean and water features.

172 Act of May 31, 1790, 1 Stat. 124.

173 Great Britain had enacted legislation specifically providing for the copyright of maps and marine charts. *See* 7 Geo. 3, c. 38 (1766) (Eng.); and 17 Geo. 3, c. 57 (1777) (Eng.). *See also* David Hunter, *Copyright Protection for Engravings and Maps in Eighteenth-Century Britain*, 9 LIBRARY 128 (1987). Connecticut, Georgia, and North Carolina had enacted legislation providing copyright protection to maps and charts. *See infra* note 258.

174 5 Fed. Cas. 999 (C.C.S.D.N.Y. 1829) (No. 2,872).

175 He was clearly unaware that in enacting the Copyright Act of 1790, the Senate had deleted "and other writings" from H.R. 43, the bill that became the 1790 Act, thereby deliberately limiting the subject matter of copyright only to maps, charts, and books. *See* DOCUMENTARY HISTORY OF THE FIRST

whether a newspaper publishing so-called "price currents" or what would now be known as stock price quotations, was covered by the copyright law. In holding that it was not, Justice Thompson declared:

> In determining the true construction to be given to the act of congress, it is proper to look at the constitution of the United States, to aid us in ascertaining the nature of the property intended to be protected. 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 writings and discoveries. * * * The act in question was passed in execution of the power here given, and the object, therefore, was the promotion of science; and it would certainly be a pretty extraordinary view of the sciences to consider a daily or weekly publication of the state of the market as falling within any class of them. They are of a more fixed, permanent and durable character. The term science cannot, with any propriety, be applied to a work of so fluctuating and fugitive a form as that of a newspaper or price-current, the subject-matter of which is daily changing, and is of mere temporary use.[176]

The clear import of this language was that the introductory language of the Copyright Clause limited the subject matter of what could be copyrighted. But in the second half of the twentieth century, several circuit courts would take a very different view.[177]

The views expressed by Justice Thompson were quoted with approval by the Supreme Court in *Baker v. Selden* in 1879,[178] yet three decades later Congress would declare newspapers to be copyrightable.[179] In 1891, the Court declared that the Clause "evidently has reference only to such writings and discoveries as are the result of intellectual labor." It went on to declare that the word "writings" in the Clause "does not have any reference to labels which simply designate or describe the articles to which they are attached, and which have no value separated from the articles, and no possible influence upon science or the useful arts."[180] This seemed clearly to suggest that the introductory language of the clause did indeed consti-

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FEDERAL CONGRESS OF THE UNITED STATES *supra* note 126 at 526. Nonetheless, there was British precedent to support such a view but it would take another two years for Congress to amend the copyright statute to expressly authorize copyright of musical works. *See* note 200 *infra* and accompanying text.

176 *Clayton*, 5 Fed. Cas. at 1003.

177 *See supra* notes 60-71 and accompanying text.

178 101 U.S. at 106.

179 *See* the text accompanying note 215 *infra*.

180 Higgins v. Keuffel, 140 U.S. 428, 430 (1891).

tute a limitation on the subject matter of copyright and that labels and other commonplace advertisements were not copyrightable under the constitutional language.

Although copyright law in the United States has always covered "books," early judicial opinions in the United States, citing to English precedent,[181] narrowly restricted copyright coverage to the book itself.[182] Thus, e.g., abridgements were deemed to be separate and distinct works,[183] as were translations.[184] Nonetheless, Justice Story in the years before his death in 1845 led a reappraisal of the view that abridgments were separate works from the original, and in so doing led to the development of the judicial doctrine of "fair use."[185]

The seminal case was *Folsom v. Marsh*,[186] decided by Story in 1841, although it was not understood as such for some time thereafter. At issue was whether the defendant's 866-page biography of George Washington which contained 353 pages taken from an earlier compendious work by Jared Sparks infringed Sparks' copyright. Story held that it did, but in so doing laid the foundations for what would come to be known as the fair use doctrine. He began his analysis by noting that under the English case law a fair abridgment of an original work is not a violation of the author's

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181 *See, e.g.*, Burnett v. Chetwood, 2 Mer. 441, 35 Eng. Rep. 1008 (Ch. 1720) (translation); Gyles v. Wilcox, 2 Atk. 141, 3 Atk. 269, 26 Eng. Rep. 489, 957, 27 Eng. Rep. 682 (Ch. 1740) (abridgment); Dodsley v. Kinnersley, Amb. 403, 27 Eng. Rep. 270 (Ch. 1761). Indeed, one of the arguments against a perpetual common-law copyright presented in *Donaldson v. Beckett* in 1774 was that if such a right was predicated upon an "equitable and moral right" in the author, then "abridgments of books, translations, notes" must be viewed as infringements for these "as effectually deprive the original author of the fruit of his labours, as direct particular copies. . . ." *See* 17 HANSARD, PARLIAMENTARY HISTORY OF ENGLAND 953, 990 (1813).

182 As pointed out by Kaplan, translations and abridgments were not considered infringements of the original book copyright because the authors of the translations and abridgments were deemed to have contributed "somewhat intellectual" labor notwithstanding that they had used the original work pervasively. *See* KAPLAN, *supra* note 88, at 16-17.

183 *See, e.g.*, Story's Executors v. Holcomb, 23 Fed. Cas. 171 (C.C.D. Ohio 1847) (No. 13,497).

184 *See, e.g.*, Stowe v. Thomas, 23 Fed. Cas. 201 (C.C.E.D. Pa. 1853) (No. 13,514) (holding that a German translation of *Uncle Tom's Cabin* was not an infringement of the book's copyright).

185 Patterson and Lindberg state that the fair use doctrine supplanted the so-called fair abridgment doctrine (*see* PATTERSON & LINDBERG, *supra* note 19, at 68), but Kaplan suggests that Story seems to have tried to absorb certain of the earlier English cases by a process of reinterpretation "into a general conception of fair use (still unlabeled as such), that is, to read them as a species of the genus of excused appropriation." *See* KAPLAN, *supra* note 88, at 28.

186 9 Fed. Cas. 343 (C.C.D. Mass. 1841) (No. 4,904).

copyright. But more is required than merely reducing the size of the original work. Instead, "[t]here must be real, substantial condensation of the materials, and intellectual labor and judgment bestowed thereon; and not merely the facile use of the scissors; or extracts of the essential parts, constituting the chief value of the original work."[187] The crux of the matter, insofar as he was concerned was

> whether this is a justifiable use of the original materials, such as the law recognizes as no infringement of the copyright of the plaintiffs. * * * It is certainly not necessary, to constitute an invasion of copyright, that the whole of a work should be copied, or even a large portion of it, in form or in substance. If so much is taken, that the value of the original is sensibly diminished, or the labors of the original author are substantially to an injurious extent appropriated by another, that is sufficient, in point of law, to constitute a piracy pro tanto. * * * In short, we must often, in deciding questions of this sort, look to the nature and objects of the selections made, the quantity and value of the materials used, and the degree in which the use may prejudice the sale, or diminish the profits, or supersede the objects, of the original work.[188]

Patterson and Lindberg suggest that the fair use doctrine originating from this language which would finally be made a part of the copyright statute in 1976,[189] far from being a diminution of the copyright monopoly as often assumed, is in fact an enhancement of the rights encompassed by the monopoly.[190]

In developing the framework for what would become the fair use doctrine, Story relied entirely on his interpretation of British case law and made no reference to either American case law[191] or the language of the Copyright Clause. His reliance on British precedent was perhaps not surprising in that he was a great believer in adapting the common law to fit the American situation. But he could easily have predicated a justification for fair use on the introductory language of the Copyright Clause. Simply put, he could readily have argued that copying within the limitations he set forth was permissible because it promoted the progress of science, but copying beyond the conditions he set forth was piracy and infringement because it did not promote such progress. Had he done so, the judicial

187 *Id.* at 345.

188 *Id.* at 348.

189 *See* 17 U.S.C. § 107 (1994).

190 PATTERSON & LINDBERG, *supra* note 19, at 68.

191 The reason for this was straightforward in that there was no relevant American case law on which he could rely.

interpretation of American copyright law might have seen a much more defined constitutional justification and basis.

Let me skip forward now to the turn of the century. In 1903, in *Bleistein v. Donaldson Lithographing Co.*[192] Justice Holmes, speaking for the Court, argued for an expansive definition of copyrightable work. In his view any work qualified for copyright as long as it was "a personal reaction of an individual upon nature." He emphasized that "[p]ersonality always contains something unique" and "that something" may be copyrighted "unless there is a restriction in the words of the [copyright] act."[193] In other words, anything that involved the personality of its creator or originator, whatever it might be, was a copyrightable work, subject only to the proviso that Congress might by statute limit the scope of copyrightable works. Justice Holmes made no attempt to tie his expansive views on copyrightable subject matter to any interpretation of the term "writings" as it appears in the Copyright Clause, but it is apparent that he viewed that term as imposing no restriction on copyrightable subject matter whatever so long as the personality of the originator or creator was involved in the product or work.[194]

Five years later, Holmes sought to clarify, in physical terms, how "personality" could be copyrighted. The Court held in *White-Smith Music Publishing Co. v. Apollo Co.*[195] that the copyright of a song was not infringed by the manufacture and sale of music rolls for use on player pianos. In a special concurrence, that in reality was a dissent, Holmes argued that the basis for copyright "is that the person to whom it is given has invented some new collocation of visible or audible points — of lines, colors, sounds or words." He believed that copyright protection should exist for the "collocation" by whatever possible means "of reproducing the result which gives to the invention its meaning and worth."[196] This was about as expansive a definition of "writings" and copyrightable works as could be imagined. Note that Holmes made no attempt whatever to equate this "collocation" with "writings" as used in the Copyright Clause or to equate the inventor thereof with "authors" as used in the Clause. Yet he was inherently engaging in an exceedingly broad interpretation of

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192 188 U.S. 239 (1903).

193 *Id.* at 250. "Personality" as used by Justice Holmes appeared to encompass what at the second half of the eighteenth century had been termed the "style and sentimentality" of the author. *See* the text accompanying notes 51 and 52 *supra*.

194 But the so-called "sweat of the brow" cases ultimately rejected in *Feist* would reject even personality as a requirement for copyright and argue that so long as labor was involved, any compilation, no matter how straightforward, was copyrightable.

195 209 U.S. 1 (1908).

196 *Id.* at 19-20.

these terms without any express acknowledgment that this was the case. Needless to say, this would have ramifications for any subsequent congressional view of what constituted copyrightable works.

I return now to the congressional transformation of "writings" in the Copyright Clause into broad and open-ended "works." In 1802, Congress extended copyright protection to "the art of designing, engraving, and etching historical and other prints."[197] Again, a legal fiction was involved, and again the reason was to extend United States copyright protection in the same manner that it had been afforded in Great Britain in the eighteenth century.[198] The legal fiction was extended in 1831 when copyright coverage of musical compositions was provided.[199] Again this appears to have been done to conform to British precedent.[200] According to Patterson and Lindberg, these fictions were justified by analogy in that musical annotation or scoring is a form of writing and etchings and engravings are reproduced by a process analogous to printing.[201] At the same time, however, they made it easier for Congress in future to interpret *authors* and *writings* more expansively as "creators" and "works of authorship."[202]

The expansion of the scope of protection afforded by the term "writings" continued in 1856 when Congress amended the copyright law to provide that copyright of a dramatic composition included "the sole right also to act, perform, or represent the same, or cause it to be acted, performed, or represented on any stage or public place during the whole period for which the copyright is obtained."[203] In 1865, the copyright law was again amended to cover "photographs and the negatives thereof."[204] The constitutionality of extending copyright to photographs was upheld by the Supreme Court in 1884, although the Court acknowledged that the constitutional question "is not free from difficulty."[205] In so doing, the

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197 Act of April 29, 1802, 2 Stat. 171.

198 Copyright protection had been extended to engravings in 1735. *See* 8 Geo. 2, c. 13 (1735) (Eng.).

199 Act of February 3, 1831, 4 Stat. 36. Patterson and Lindberg inadvertently confuse the content of the Act of April 29, 1802 with this Act. *See* PATTERSON & LINDBERG, *supra* note 19, at 135-36.

200 As early as 1777, Lord Mansfield had ruled in England that a musical composition was a writing within the Statute of Anne. *See* Bach v. Longman, 2 Cowp. 623, 98 Eng. Rep. 1274 (K. B. 1777).

201 Although it was much more plausible under the extant definition of "writings" to treat a musical composition as a writing than it was to treat etchings and engravings as writings, the scoring of musical notes or symbols in a musical composition could easily be argued to fall within the definition of writings. *See* the text accompanying note 125 *supra*.

202 PATTERSON & LINDBERG, *supra* note 19, at 136.

203 Act of August 18, 1856, 11 Stat. 138.

204 Act of March 3, 1865, 13 Stat. 540.

205 Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53 (1884).

Court relied heavily on its interpretation of what constituted authorship. It declared, however, that "writings" as used in the Copyright Clause means "the literary productions of . . . authors"[206] and held that photographs are indeed copyrightable literary productions "so far as they are representatives of original intellectual conception by an author."[207] This was the most expansive legal fiction yet in the copyright arena, but more was to come.

In 1870, the copyright statute was amended and revised to now cover "any book, map, chart, dramatic or musical composition, engraving, cut, print, or photograph, or negative thereof, or of a painting, drawing, chromo, statue, statuary, and of models or designs intended to be perfected as works of fine arts."[208] It was perhaps inevitable, given the earlier congressional decision to authorize copyright for photographs, that it should now authorize copyright for paintings and drawings. Indeed, there was less of a legal fiction involved in that drawings and paintings are perhaps more easily associated with a particular style of their creators than are photographs. But a major legal fiction was involved in extending the term "writings" to encompass three-dimensional objects such as statues and models.

A major revision of the copyright law occurred in 1909.[209] Congress now declared that "[t]he works for which copyright may be secured . . . shall include all the writings of an author."[210] This was the first time that the term "works" had been used in a generic sense to encompass all copyrightable subject matter.[211] Implicit in this declaration is the view that copyrightable works, while including all the writings of an author, somehow extend further than such writings. According to the House report accompanying the 1909 Act, the quoted language is "declaratory of existing law" although the basis for such statement was not given. The report goes on to indicate that although the suggestion was made that the term "works" should be substituted for the term "writings," because of the broad construction given the latter term by the courts, "it was thought better to use the word 'writings,' which is the word found in the Constitution."[212] One can easily read this language as suggesting that if the courts had narrowly defined the term "writings," then Congress would have been

206 111 U.S. at 58.

207 *Id.* at 59.

208 Act of July 18, 1870, 16 Stat. 212.

209 Act of March 4, 1909, ch. 320, 35 Stat. 1075. The 1909 Act, as codified and amended, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 6-1.

210 *See id.* § 4, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 6-6.

211 The term first appeared in the copyright statute in 1870, but only in the context of "works of fine arts." *See supra* note 208 and accompanying text.

212 H.R. REP. NO. 60-2222, *supra* note 12, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 13-15.

readily disposed to avoid using the term at all and instead would have substituted the term "works," thereby somehow avoiding any such judicial concerns.

Aside from being somewhat confusing, the report language is also something of a non sequitur in that both the terms "works" and "writings" appear in the declaration of what constitutes copyrightable subject matter. Moreover, according to the House report, the language of the Copyright Clause places several conditions or limitations on the power of Congress, so that the object of copyright legislation authorized by it must be: "(1) to promote science and the useful arts; (2) by securing for limited times to authors the exclusive right to their writings; (3) that the subjects which are to be secured are 'the writings of authors.'"[213] If the subjects to be secured by copyright are "the writings of authors," why or on what basis could Congress constitutionally declare that copyrightable subject matter is "works" that "*include* (emphasis added) all the writings of an author"? This is not a rhetorical question, nor is it one that Congress has ever been inclined to answer.

The types of copyrightable "works" under the 1909 Act included the following:

(a) Books, including composite and cyclopedic works, directories, gazeteers, and other compilations.
(b) Periodicals, including newspapers.[214]
(c) Lectures, sermons, addresses (prepared for oral delivery).
(d) Dramatic or dramatico-musical compositions.
(e) Musical compositions.
(f) Maps.
(g) Works of art; models or designs for works of art.[215]
(h) Reproductions of a work of art.

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213 *Id.* at 6, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app.13-10.

214 In light of the language quoted with favor in *Baker v. Selden* (*see* the text accompanying notes 177 and 179 *supra*), it is reasonable to ask on what basis Congress determined that newspapers were now subject to copyright. The House report does not say.

215 Note that "fine" had now been removed as a modifier to "arts." As Kaplan points out, Justice Holmes had disposed of that qualifier by his statement in *Bleistein* that "a very modest grade of art has in it something irreducible, which is one man's alone." *See* KAPLAN, *supra* note 88, at 34 and 39. But nothing in the *Bleistein* opinion suggested that Congress was constitutionally obligated to remove "fine" as a modifier to "arts." The result of its decision to do so would be, as pointed out by Patterson and Lindberg, "the trivialization of copyright." *See* PATTERSON & LINDBERG, *supra* note 19, at 88. A consequence would be that copyrights have issued for "statuettes, bookends, clocks, lamps, doorknockers, candlesticks, inkstands, chandeliers, piggy banks, sundials, salt and pepper shakers, fish bowls, casseroles, and

(i) Drawings or plastic works of a scientific or technical character.
(j) Photographs.
(k) Prints and pictorial illustrations including prints or labels used for articles of merchandise.[216]
(l) Motion-picture photoplays.
(m) Motion pictures other than photoplays.[217]
(n) Sound recordings.[218]

The 1909 Act specifically declared that the categories of copyrightable works thus listed "shall not be held to limit the subject matter of copyright."[219]

Despite this latter statement, Kaplan argues that this enumeration of categories of copyrightable works "can be and as a practical matter has been read to limit the general statement" that copyrightable works include all the writings of an author.[220] He reads *Mazer v. Stein*[221] as supporting this conclusion.[222] I do not so read the case. Thus, the Supreme Court while acknowledging that "some writers" interpret the general statement "as being coextensive with the constitutional grant," also stated that "the House Report, while inconclusive, indicates that it was 'declaratory of existing law' only." The Court also acknowledged that "the report is not very clear on this point, however."[223] The Court did not state, or hold, that "existing law" in 1909, whatever it was, somehow indicated that "all the writings of an author" could, or should, be interpreted as somehow narrower than "writings" of "authors" as those terms appear in the Copyright Clause.

Moreover, Kaplan fails to point out that in *Mazer v. Stein*, the Court noted, but did not reach the issue of whether "works of art," "models or designs for works of art,"and "reproductions of a work of art" may consti-

ash trays." *See* Mazer v. Stein, 347 U.S. 201, 221 (1954) (Douglas, J., concurring).

216 The phrase "including prints or labels used for merchandise" was included by the Act of July 31, 1939, ch. 396, § 2, 53 Stat. 1142. The basis for so doing is unclear in light of the language of the Supreme Court in *Higgins v. Keuffel*. *See supra* note 181 and accompanying text.

217 Subsections (l) and (m) were added by the Act of August 24, 1912, ch. 356, 37 Stat. 488.

218 Subsection (n) was added by the Act of October 15, 1971, Pub. L. 92-140, 85 Stat. 391.

219 Copyright Act of 1909, ch. 391, 61 Stat. 652, § 5, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 6-7.

220 KAPLAN, *supra* note 88, at 39.

221 347 U.S. 201, 210-11 & nn. 17-19 (1954).

222 Nimmer and Nimmer also read it this way. *See* 1 NIMMER & NIMMER, *supra* note 4, § 2.03[A] n. 5 , at 2-28.

223 *See* 347 U.S. at 210.

tutionally be the subject of copyright.[224] But as pointed out in the concurrence of Justices Douglas and Black, the Court had not as of 1954 ever decided the issue of whether a sculptor is an "author" and his statue a "writing" within the meaning of the Copyright Clause.[225] As of the new millennium, it still had not done so.[226]

Between 1909 and 1976, when the present copyright law was enacted, no Supreme Court opinion specifically addressed the issue of limitations on copyrightable subject matter set forth in the Clause. In 1973, however, in *Goldstein v. California* the Court appeared to adopt a highly expansive definition of the term "writings" as used in the clause. According to the *Goldstein* Court, "'writings' . . . may be interpreted to include any physical rendering of the fruits of creative intellectual or aesthetic labor."[227] Given this expansive interpretation, it is not surprising that in enacting the present copyright statute in 1976 Congress saw no need to define what it meant by "original works of authorship" or indeed to use the term "writings" at all in the statute. As I pointed out at the beginning of this Part, the term "works" is so much more malleable and flexible than "writings." In particular, it nicely avoids the inconvenient fact that the interpretation given to "writings" in the Clause by the *Goldstein* Court goes well beyond and is quite inconsistent with standard dictionary definitions of "writings" as they exist today or those that were in vogue at the end of the eighteenth century.

The House report on the rationale for substituting "works" for "writings" appears intended only to justify a congressional view that there is basically no constitutional limitation on what constitutes a copyrightable work and Congress may define such a work as it sees fit, provided only that there must a "physical rendering" of the work and it must be the result of "creative or aesthetic labor." Unfortunately, it obfuscates and confuses more than it clarifies. According to the report, "original works of authorship" is substituted for "all the writings of an author" as used in the 1909 Act

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224 It declined to do so because this particular constitutional issue had not been raised by the parties to the litigation. *See* 347 U.S. at 206 n. 5.

225 *Id.* at 220.

226 Nonetheless, Kaplan's view would receive the imprimatur of the Supreme Court in *Goldstein v. California* decided in 1973. *See* the text accompanying note 236 *infra*. Moreover, the expansive interpretation of "writings" in *Goldstein* (*see* the text accompanying note 227 *infra*) renders largely academic any discussion of whether the Court would hold sculptors to be "authors" and statutes to be "writings" within the meaning of the clause. Clearly it now would.

227 413 U.S. at 561.

> to avoid exhausting the constitutional power of Congress to legislate in this field, and to eliminate the uncertainties arising from the latter phrase. Since the present [1909] statutory language is substantially the same as the empowering language of the Constitution, a recurring question has been whether the statutory and the constitutional provisions are coextensive. If so, the courts would be faced with the alternative of holding copyrightable something that Congress clearly did not intend to protect, or of holding constitutionally incapable of copyright something that Congress might one day want to protect. To avoid these equally undesirable results, the courts have indicated that "all the writings of an author" under the present statute is narrower in scope than the "writings" of "authors" referred to in the Constitution. The bill avoids this dilemma by using a different phrase — "original works of authorship" — in characterizing the general subject matter of statutory copyright protection.[228]

While it was undoubtedly true that in the 1976 Act Congress desired to act within the scope of its broadest constitutional authority to determine what constituted copyrightable works, the so-called "dilemma" supposedly justifying the phrase "original works of authorship" was largely, if not completely, nonexistent.

In this regard, the empowering language of the 1909 Act appeared coextensive on its face with that of the Copyright Clause, and indeed the 1976 House report quoted above acknowledges this to be the case. That this was the intent of Congress in 1909 was further evidenced by the express statement in the 1909 Act that the categories of copyrightable work listed therein were not intended to be limiting on the subject matter of copyright.[229] But there was an apparent inconsistency in the language of the 1909 Act in that it also indicated, although in an obtuse fashion, that sound recordings were not copyrightable. That this was its intent was made clear in the 1909 House report statement that "[i]t is not the intention . . . to extend the right of copyright to the mechanical reproductions [of sound] themselves. . . ."[230] How then to reconcile the congressional language that "the works for which copyright may be secured . . . shall include all the writings of an author" with the congressional intent that sound recordings not be copyrightable?

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[228] H.R. REP. NO. 94-1476, *supra* note 12, at 51, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 4-14.

[229] *See supra* note 219 and accompanying text.

[230] H.R. REP. NO. 60-2222, *supra* note 12, *reprinted in* 8 NIMMER & NIMMER, *supra* note 4, at app. 13-13.

There were three possible ways of doing so. The first, which neither the Copyright Office nor any court would seriously contemplate, was to find that there was no inconsistency because the term "writings" in the Copyright Clause does not encompass sound recordings. In the face of this refusal to contemplate that the constitutional language might not encompass sound recordings, the second — and most pragmatic — resolution would have been to simply acknowledge the apparent inconsistency and hold that "writings" in the constitutional sense did encompass sound recordings, and therefore in view of the express declaration in the 1909 Act that copyrightable works included "all the writings of an author," sound recordings were in fact copyrightable. The Copyright Office consistently refused to adopt such an approach, and, with one early exception, so did the courts.[231] While the courts were prepared to adopt the view that sound recordings were "writings" within the meaning of the constitutional language, albeit without any citation of authority for such a view, they were not prepared to take the next step and hold that the broad statement of copyrightable works in the 1909 Act authorized copyright of sound recordings.[232]

Instead, both the courts and the Copyright Office adopted the third approach and literally read the express disclaimer that the categories of copyrightable works listed in the 1909 Act "shall not be held to limit the subject matter of copyright" out of the Act. Having done that, they "implicitly (and sometimes explicitly) assumed that [the listing of categories] constituted an exhaustive enumeration of copyrightable works under the statute."[233] Congress ultimately avoided the issue by in 1971 declaring its belief "that, as a class of subject matter, sound recordings are clearly within the scope of the 'writings of an author' capable of protection under the Constitution"[234] and amending the 1909 Act to include sound recordings in the enumerated categories of copyrightable works.[235]

The issue was further complicated by the fact that in 1973 the Supreme Court held in *Goldstein v. California* that the 1909 Act did not demonstrate an intention by Congress "to exercise its authority over all works to which the constitutional provision might apply," and accordingly state control of sound recordings was not preempted. While it is difficult

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231 The exception was *Fonotipia, Ltd. v. Bradley*, 171 F. 951, 963 (E.D.N.Y. 1909).

232 *See, e.g.*, Capitol Records, Inc. v. Mercury Records Corp., 221 F.2d 657 (2d Cir. 1955) (holding that the 1909 Act did not authorize copyright of phonograph records despite the fact that "[t]here can be no doubt that, under the Constitution, Congress could give to one who performs a public domain musical composition the exclusive right to make and vend phonograph records of that rendition.").

233 1 NIMMER & NIMMER, *supra* note 4, § 2.03[A] n. 7, at 2-29.

234 H.R. REP. No. 92-487, (1971), *reprinted in* 2 U.S.C.C.A.N. 1570 (1971).

235 *See supra* note 218 and accompanying text.

to perceive how the Court could reasonably hold that "all the writings of an author" is somehow narrower in scope than "writings" of "authors" as used in the Copyright Clause, the Court predicated its holding on its view that "in the more than 60 years which have elapsed since enactment of this provision, neither the Copyright Office, the courts, nor the Congress" had interpreted it as being coextensive with the copyright authority granted to Congress by the Clause.[236]

The House report language on the 1976 Act simply ignores this holding in *Goldstein* and posits a dilemma that does not exist. Contrary to the assertion in the report, no court is "faced with the alternative of holding copyrightable something that Congress clearly did not intend to protect, or of holding constitutionally incapable of copyright something that Congress might one day want to protect."[237] If Congress *expressly* states in its legislation that particular subject matter is not copyrightable, that is clearly within its discretion, and no court has authority to arbitrarily override such a congressional determination. Moreover, the question of whether a particular work is constitutionally capable of being copyrighted is determined by the language of the Clause rather than by any statutory language. If particular subject matter is judicially held to be unconstitutionally capable of copyright protection, then it matters not at all that Congress may have a future desire to provide copyright protection for it. It simply does not have the authority to do so.

More critically, to the extent that there were uncertainties as to what works were copyrightable under the 1909 Act, those uncertainties have no way been eliminated by replacing the phrase "all the writings of an author" with "original works of authorship" in the 1976 Act. Rather, as succinctly put by Nimmer and Nimmer, "the uncertainties were merely transferred to a different phrase, not eliminated."[238] Moreover, because Congress has deliberately chosen not to define what "original works of authorship" means, it has effectively transferred discretion to determine what constitutes copyrightable works to the courts. In light of the expansive definition of "writings" by the Supreme Court in *Goldstein*, it would appear that there is literally no constitutional or statutory limitation on what constitutes a copyrightable work other than that it evince some modicum of creativity and that it be fixed in a tangible medium.

V. PERSPECTIVES

From time to time, efforts have been made to justify the differing standards for copyrightability and patentability on the ground that such

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236 412 U.S. at 567-69.

237 *See* the text accompanying note 228 *supra*.

238 1 NIMMER & NIMMER, *supra* note 4, § 2.03[A] n. 20, at 2-32.

differing standards are required by the language of the Copyright Clause.[239] Nothing in the drafting of the Clause, its actual language, or its subsequent interpretation by the Supreme Court, supports such a view. Rather, to the extent that there has been a differentiation in the standards applied to defining the nature of "the exclusive right" granted to "authors" for their "writings" and to "inventors" for their "discoveries," such differing standards have arisen out of the broad discretion granted to Congress by the Clause rather than out of any requirement set forth in the Clause itself.[240] However, just as is the case with patents, this does not mean that there are no limits set forth in the Clause on the congressional copyright authority. Nonetheless, both Congress and the Supreme Court have seen fit to give much less meaning to such limitations in the context of copyrights than they have in their treatment of patent rights.

A comparison of the judicial and congressional treatment of the copyright and patent provisions of the Clause over time reveals several rather remarkable differences in the manner in which the two have been interpreted.[241] The first has to do with the propensity of both Congress and the courts to engage in legal fictions in defining who or what is an author and what is copyrightable, and the second has to do with the extreme reluctance — one might even say, the failure — of both Congress and the judiciary to treat the introductory language of the Clause as a limitation on any interpretation given to "authors" and "writings" as they appear in the Clause. That the Supreme Court has seen fit at all to interpret the meaning to be given to "authors" and "writings" in the Clause is another surprising difference.[242]

An obvious legal fiction, and one that appears directly contrary to the constitutional language, is the congressional defining of the proprietors of works made for hire as the authors for purposes of obtaining copyright. It is unclear how or why this practice started in the nineteenth century,[243]

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[239] *See, e.g.*, the text accompanying notes 116-119 *supra.*

[240] The Supreme Court has at least tacitly acknowledged this point. *See supra* note 121 and accompanying text.

[241] I have elsewhere discussed in detail the remarkable dichotomy in treatment of the patent term and the copyright term under the Clause. *See* Walterscheid, *supra* note 129.

[242] The Court has steadfastly refused to provide any interpretation of the terms "inventors" and "discoveries" as they appear in the clause and Congress has provided only an unhelpful definition. The Court early on had an opportunity to address the meaning to be given to these terms but declined to do so. *See* Evans v. Eaton, 16 U.S. (3 Wheat.) 454, 513 (1818). In the Patent Act of 1952 Congress defined "invention" to mean "invention or discovery." Act of July 19, 1952, ch. 950, 66 Stat. 797; *see also* 35 U.S.C. § 100(a) (1994).

[243] As late as 1846, a circuit court had refused to accept an argument that a work for hire could be copyrighted in the name of the person procuring the work

but, regardless of its origins, it was directly contrary to the practice with regard to patenting of inventions made by persons who were hired to invent and has remained so to this day.[244] The rationale given for it by Congress avoids any mention whatever of the constitutional problem posed by the use of the word "their" in the Clause, but instead justifies it on the ground of convenience and that it "is well established in American copyright law."[245] The lower courts have declined to engage in any constitutional analysis of the propriety of the practice, but instead have merely assumed that it is constitutional.[246]

Just as with their use of the term "discoveries," the Framers created a significant interpretational problem when they chose to use the term "writings" in the Copyright Clause. However, the problem was a very different one. Whereas by using "discoveries" they gave Congress a very broad discretion as to what it might deem patentable discovery,[247] their use of "writings" could very easily be interpreted to have exactly the opposite purpose — and indeed effect — namely a significant narrowing of the scope of what could be deemed to constitute copyrightable work. This never occurred, because over time both Congress and the Supreme Court engaged in a series of legal fictions by which the interpretation given to "writings" has been constantly expanded until today it bears little relationship to either the common dictionary definition at the end of the eighteenth century or to the modern dictionary definition.

A 1956 congressional study on the meaning of "writings" in the Clause points out that the "broad definition and subtle interpretation of

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as opposed to the name of the person actually creating the work. *See supra* note 78 and accompanying text.

244 *See supra* note 6 and accompanying text.

245 *See* the text accompanying notes 16-21 *supra*.

246 *See, e.g., supra* note 25 and accompanying text.

247 Without realizing it, the Framers created an interpretation problem when they decided to use the term "discoveries" in the Clause. While they quite likely viewed "discovery" as synonymous with "invention," its eighteenth century definition was sufficiently broad to read on the finding out of something which previously existed but had yet to be revealed. While invention could arguably be interpreted as limited to the creation of something new, discovery encompassed more than simply a creative act. Clearly, the searching for and finding out of laws of nature and the phenomena of nature such as previously unknown life forms or minerals, constituted discovery, although nothing new was in fact created. Thus, the use of the term "discoveries" in the Clause gave Congress very broad discretion as to what it might deem to be patentable discovery. In 1974, the Supreme Court quoted with approval the view that: "Quite clearly discovery is something less than invention." *See* A. O. Smith Corp. v. Petroleum Iron Works Co., 73 F.2d 531, 538 (6th Cir. 1934), *quoted with approval in* Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 476 (1974).

the rather precise and explicit words" of the Clause "would seem to require a great deal of explanation and rationalization on the part of the courts." It goes on to suggest that "[w]ithout these basic assumptions or rationalizations, whether expressly stated or not, the only conclusion one can reach is that for approximately 150 years Congress and the courts have been operating outside and in violation of an express power delegated to Congress."[248] This conclusion remains valid today. What then is the nature of the assumptions and rationalizations that Congress and the judiciary have relied on?

Before giving a perspective on how and why Congress and the Supreme Court have interpreted "authors" and "writings" in the Clause in the manner that they have, it is useful to inquire as to why the Framers used these terms and what they contemplated by them. The simple answer is that the term "authors" appears in the Clause because during the federal convention Madison proposed "to secure to literary authors their copy rights for a limited time" and Pinckney proposed "to secure to authors exclusive rights for a certain time."[249] But neither made any mention of exactly what it was that was to be protected for authors. At this time there were two generally accepted definitions of "author," one considerably broader than the other. The broader definition was "he to whom any thing owes its original; he that effects or produces any thing." The narrower definition was "the first writer of anything; a writer in general."[250] By their use of the term "writings" as the subject matter for which an exclusive right was to be given, albeit for a limited time, it is plausible to suggest that the Framers viewed the term "authors" as used in the Clause in the narrower light, i.e., as one who produces "writings," as opposed to any other thing. Had they intended the broader usage, it would have been more plausible for them to have used a more general term than "writings," as, e.g., "works" or "productions," terms which had appeared in several of the then recently enacted state copyright statutes.[251]

Thus, the question of what the Framers intended to encompass within the term "writings" becomes one of considerable import. In the eighteenth century, a writing could be viewed as the recording on a suitable surface by means of letters, symbols, or characters, the thoughts or ideas

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248 *Study No. 3*, *supra* note 123, at 86-87.

249 3 THE RECORDS OF THE FEDERAL CONVENTION OF 1787, 477-78 (Max Farrand ed., 1937).

250 *See supra* note 28 and accompanying text.

251 Thus, e.g., the statutes of New Hampshire and Rhode Island referred to "literary productions" and the statutes of Georgia, New York, and Virginia referred to "works." *See* the acts as reprinted in 8 NIMMER & NIMMER, *supra* note 4, at app. 7-21 (New Hampshire), app. 7-23 (Rhode Island), app. 7-31 (Virginia), app. 7-35 (Georgia), and app. 7-38 (New York).

of the writer, i.e., the author. The Statute of Anne gave a limited term exclusive copying right in books, which were a particular form or assemblage of writing, and made no reference to any other specific type of writing. Clearly, by their use of the term "writings" the Framers intended to give Congress authority to grant a limited term exclusive right in more than merely the assemblage of writings known as books.[252] But at the end of the eighteenth century, was there anything to indicate that "writings" could or should cover some other form of expression than the use of letters, symbols, or characters to convey the thoughts or ideas of the author?

A look at the extant English copyright law and the copyright laws of the various states at the time the Constitution was drafted suggests that the answer is a qualified yes. The qualification arises out of the fact that the British copyright law as well as several of the recently enacted state copyright statutes covered maps and marine charts which were more than simply the use of letters, symbols, or characters.[253] Thus, the Framers appear to have been disposed to accept the legal fiction that maps and marine charts could be encompassed within the definition of "writings" then extant.[254]

The proposals from which the Clause was derived do not mention "writings" at all. Rather, Madison had proposed that Congress be given power "to secure to literary authors their copy right for a limited time," and Pinckney had proposed the quite similar power "to secure to Authors exclusive rights for a certain time."[255] Nothing in these proposals suggested that the exclusive right should be limited to "books" per se,[256] and

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252 *Cf.* the view expressed by Madison late in his life that the Clause gave monopoly rights in only two cases, "the authors of Books, and of useful inventions." *See* James Madison, *Aspects of Monopoly One Hundred Years Ago*, 128 HARPER'S MAG. 489, 490 (1914); *see also* 2 IRVING BRANT, JAMES MADISON 370-71(1948). Madison must have been fully aware that the 1790 Copyright Act authorized copyright for more than merely books. But as I have noted, the Senate deliberately limited the coverage of the Copyright Act of 179 to maps, charts, and books and deleted the more inclusive "and other writings." *See supra* note 175.

253 *See supra* note 173 and *infra* note 258.

254 Congress certainly thought this was the case when it authorized copyright protection for maps and charts in the Copyright Act of 1790. *See* Act of May 31, 1790, 1 Stat. 124. *But see supra* note 25.

255 *See* THE RECORDS OF THE FEDERAL CONVENTION, *supra* note 249, at 477-78.

256 They certainly did not limit themselves to "books" in the manner that the Continental Congress resolution of 1783 recommending that the states enact copyright laws did. That resolution declared:

> That it be recommended to the several states, to secure to the authors or publishers of any new books not hitherto printed, being citizens of the United States, and to their . . . executors, administrators and assigns, the copyright of such books for a certain time, not less than fourteen years from the first publication; and to secure to said authors, if they shall sur-

they gave wide discretion as to what might be covered by the exclusive right. It is unclear how or on what basis the Framers determined to use "writings" to state what the copyright power gave an exclusive right in, but it is quite possible that the term was decided upon because of its use in the Statute of Anne and in several of the state copyright statutes that had recently been enacted.[257] Moreover, although the broader terms "productions" or "works" had appeared in several of the state statutes, the context in which these terms were used, and the actual copyright authority set forth, suggested that what was actually intended to be protected was more accurately characterized by the term "writings." Indeed, the actual grant of authority in most of these state statutes seemed to encompass more than books, but less than all forms of expression by an author.[258] "Writings" seemed to best envisage and encompass that which most states had sought to protect.

But if defined as a recording by means of letters, symbols, or characters, "writings" did not literally encompass all that Great Britain and at least several of the states had sought to protect, namely maps and marine charts, which required the use of lines and spaces in addition to symbols, characters, and letters. By their use of the term "writings" did the Framers literally intend to exclude maps and marine charts from copyright coverage? Because of the absence of any discussion at the federal convention

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vive the term first mentioned, and to their. . . executors, administrators and assigns, the copyright of such books for another term of time not less than fourteen years, such copy or exclusive right of printing, publishing and vending the same, to be secured to the original authors, or publishers, or . . . their executors, administrators and assigns, by such laws and under restrictions as the several states may deem proper.

BRUCE BUGBEE, *supra* note 2, at 113.

257 The copyright laws of Maryland and Pennsylvania made reference to "writings." *See* the acts as reprinted in 8 NIMMER & NIMMER, *supra* note 4, at app. 7-17 (Maryland) and app. 7-25 (Pennsylvania).

258 Thus, e.g., Connecticut sought to protect books, pamphlets, maps or charts; Massachusetts sought to protect books, treatises, and other literary works; Maryland sought to protect books and writings; New Jersey sought to protect books and pamphlets; New Hampshire sought to protect books, treatises, and other literary works; Rhode Island sought to protect books, treatises, and other literary productions; Pennsylvania sought to protect books and pamphlets; Virginia sought to protect books and pamphlets; North Carolina sought to protect books, maps or charts; Georgia sought to protect books, pamphlets, maps or charts; and New York sought to protect books and pamphlets. *See* the acts as reprinted in 8 NIMMER & NIMMER, *supra* note 4, at app.7-15 (Massachusetts), app. 7-17 (Maryland), app. 7-19 (New Jersey), app. 7-21 (New Hampshire), app. 7-23 (Rhode Island), app. 7-25 (Pennsylvania), app. 7-31 (Virginia), app. 7-33 (North Carolina), app. 7-35 (Georgia), and app. 7-38 (New York).

of the final language of the Clause,[259] it is not possible to know with certainty what was intended by the use of "writings" rather than the broader terms "works" or "productions," but it is highly unlikely that this was their intent. Certainly the first federal Congress which had a number of Framers in it did not perceive this to be the case when it enacted the Copyright Act of 1790 which expressly authorized copyright for maps and charts. Nonetheless, as I have suggested, to read maps and charts within the ambit of "writings" required a significant legal fiction.

An interesting aspect of the 1790 Act was that while it protected maps and charts, it said not a word about other pictorial reproductions of artistic designs that could be accomplished by the same mechanism as used for maps and charts, i.e., etchings, engravings, and woodcuts. None of the state copyright laws mentioned these types of reproductions, but Great Britain had earlier authorized copyright for them, albeit by separate statute from the Statute of Anne. According to Feather, "[t]his established a distinction between literary and artistic works which persisted in English law until almost the present day."[260] As evidenced by the inclusion of maps and charts as protectable subject matter under the 1790 Copyright Act, this distinction never really existed in the United States. Congress completely erased the distinction in the Copyright Act of 1802 when it extended copyright protection to "the art of designing, engraving, and etching historical and other prints."[261]

It was easy to see how literary works of whatever sort could be encompassed within the meaning of "writings" in the Copyright Clause, but it took a significant legal fiction to read "writings" as covering artistic works reproduced by engraving and etching "historical and other prints." But once the fiction was achieved, it was only a matter of time before it would be expanded to have "writings" cover any and all forms of artistic expression in tangible form. The expansion was essentially completed with the Copyright Act of 1870 with "writings" now being interpreted by Congress to cover "any book, map, chart, dramatic or musical composition, engraving, cut, print, or photograph, or negative thereof, or of a painting, drawing, chromo, statue, statuary, and models or designs intended to be perfected as works of fine arts."[262]

But in 1884, in *Burrow-Giles* when it addressed the issue of whether photographs were "writings" and hence copyrightable under the Copyright Clause, the Supreme Court was reluctant still to draw the clear con-

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259 The almost total lack of discussion in the federal convention was followed by an equal lack of discussion in the ratifying conventions. It received only the briefest of mention and there was no opposition to it.

260 *See* FEATHER, *supra* note 33, at 71. *See also* Hunter, *supra* note 173.

261 *See supra* note 197 and accompanying text.

262 *See supra* note 208 and accompanying text.

clusion that under the copyright statute "writings" now encompassed various forms of artistic as well as literary expression and to simply say so. Instead, it declared that 'writings" as used in the Clause means "the literary productions of . . . authors" and held in essence that anything that is representative of the "original intellectual conception by an author" is a literary production and hence copyrightable.[263]

It also indicated that the intent of the Framers in their use of the term "writings" could be inferred from the copyright enactments of 1790 and 1802, saying:

> The construction placed upon the Constitution by the first Act of 1790, and the Act of 1802, by the men who were contemporary with its formation, many of whom were members of the Convention which framed it, is of itself entitled to very great weight; and when it is remembered that the rights thus established have not been disputed during a period of nearly a century, it is almost conclusive.[264]

Because it viewed photographs as analogous to the maps, charts, designs, engravings, etchings, cuts and other prints authorized by these first two copyright acts, it held that photographs were "writings" within the meaning of the Copyright Clause.

It is questionable today whether the Court would rely to such a marked degree on early statutory language as a means of interpreting a term such as "writings" used in the Clause.[265] Moreover, as I have sought to emphasize here, this early statutory language involved the use of significant and substantial legal fiction to extend the scope and meaning of "writings" as contemporaneously understood at the time the Constitution was drafted. Yet as the Court stressed in *Gibbons v. Ogden* in 1824, "the enlightened patriots who framed our constitution, and the people who have adopted it, must be understood to have employed words in their natural sense, and to have intended what they have said."[266] The natural sense of "writings" at the end of the eighteenth century did not equate literary expression and artistic expression in the manner that Congress and the Court now supposed a century after the Constitution was drafted.

Nonetheless, in 1903, in *Bleistein v. Donaldson Lithographing Co.*, Justice Holmes for the Court simply assumed without discussion that

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263 *See supra* notes 205-207 and the text accompanying them.

264 Burrow-Giles Lithographic Co. v. Sarony, 111 U.S. 53, 57 (1884).

265 The early statutory language might well be considered a factor in making such a determination but it would only be one of a number of factors so involved. But very recently the D.C. Circuit has quoted the *Burrow-Giles* language with approval. *See* Elred v. Reno, 239 F.3d 372, 379 (D.C. Cir. 2001).

266 22 U.S. (9 Wheat.) 1, 187 (1824).

"writings" covered artistic as well as literary expression. Moreover, in his view there had to be very little merit to the artistic expression in order for it to be copyrightable. Rather, it was the "personality" of the author as expressed in whatever medium that was copyrightable. As he put it: "Personality always contains something unique. It expresses its singularity even in handwriting, and a very modest grade of art has something irreducible, which is one man's alone. That something he may copyright. . . ."[267] Viewed in this fashion, it was not "writing" that was copyrightable but rather any medium of expression that demonstrated the author's "personality."

Against this backdrop it is perhaps not surprising that Congress exhibited more than a bit of schizophrenia concerning constitutional limitations in enacting the Copyright Act of 1909. While solemnly noting that the subjects which can constitutionally be secured by copyright are "the writings of authors,"[268] it legislatively declared that "[t]he works for which copyright may be secured . . . shall include all the writings of an author." On its face, this seemed to suggest that there was no constitutional limitation on what could be copyrighted. If "all the writings of an author" could be copyrighted, then any constitutional requirement of originality or intellectual labor seemed to have disappeared, because there were literally writings that were neither original nor required even a modicum of intellectual labor. Moreover, if "writings" were merely included among works that were copyrightable, then "writings" was not in and of itself a limitation on copyrightable subject matter.

What Congress now literally declared was that it was the "works" of authors, and not merely certain of their "writings" that could be copyrighted. While the Supreme Court would subsequently find itself it full agreement with a very liberal congressional interpretation of what could be copyrighted, it nonetheless still had to act within the confines of the wording of the Copyright Clause. Its solution in 1973 in *Goldstein v. California* was to adopt the highly expansive legal fiction that "writings" as used in the Clause "may be interpreted to include any physical rendering of the fruits of creative intellectual or aesthetic labor."[269] Never mind that this is not the natural or dictionary definition of "writings."

In light of this legal fiction, Congress now determined in the Copyright Act of 1976 to avoid any use of the term "writings" and instead to simply declare that "original works of authorship" may be copyrighted. Substituting "works" for "writings," while pragmatically honest and declarative of congressional intent, is the ultimate legal fiction that has been

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267 188 U.S. 239, 250 (1903).

268 *See* the text accompanying notes 212 and 213 *supra*.

269 *See* the text accompanying note 227 *supra*.

generated with respect to copyright. Its most unfortunate consequence will be an ever increasing belief by courts, commentators, and future Congresses, as well as the general public, that the Copyright Clause places little or no limitation on Congress to determine what constitutes copyrightable subject matter.[270]

Indeed this perspective is already evidenced by an increasing propensity of both courts and commentators to take the view that the introductory language of the Clause places no limitation on what is copyrightable. Thus, Nimmer and Nimmer contend that the introductory language "must be read as largely in the nature of a preamble indicating the purpose of the power but not in limitation of its exercise."[271] Similarly, the Fifth, Eighth, and District of Columbia Circuits have held, in essence, that the introductory language places no limitation whatever on the copyright power of Congress.[272] In so doing, both Nimmer and Nimmer and these circuit courts ignore totally the views expressed by the Supreme Court in the nineteenth century that (a) the meaning of a congressional grant of power in the Constitution must be interpreted in the context of the words and phrases with which it is associated,[273] and (b) the introductory language does indeed constitute a limitation on what subject matter is copyrightable.[274] They also quite ignore the modern view expressed by the Court in the copyright context that the Clause "describes both the objective which Congress may seek and the means to achieve it. The objective is to promote the progress of science and the useful arts."[275]

I am in sharp disagreement with the views set forth in Nimmer and Nimmer and by these circuit courts that the introductory language of the Clause does not constitute any limitation on the power of Congress regarding what is copyrightable. The views expressed by Nimmer and Nim-

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[270] As Gordon has noted, there is a belief that copyright is virtually unable to violate the clause, i.e., the clause places essentially no limitation on what is copyrightable. *See* Gordon, *supra* note 70.

[271] 1 NIMMER & NIMMER, *supra* note 4, § 1.03[A], 1-66.11.

[272] Mitchell Bros. Film Group v. Cinema Adult Theater, 604 F.2d 852, 860 (5th Cir. 1979), *cert. denied*, 445 U.S. 917 (1980); Hutchinson Telephone Co. v. Fronteer Directory Co., 770 F.2d 128, 130-31 (8th Cir. 1985); Schnapper v. Foley, 667 F.2d 102, 112 (D.C. Cir. 1981), *cert. denied*, 455 U.S. 948 (1982). *Cf.* the Eleventh Circuit view that the introductory language imposes on Congress "an affirmative constitutional duty" to promote the progress of science through the issuance of copyright. *See* Cable/Home Communications Corp. v. Network Prods., Inc., 902 F.2d 829, 842 (11th Cir. 1990).

[273] *See, e.g.*, Gibbons v. Ogden, 22 U.S. (9 Wheat.) 1, 187-88 (1824); Wheaton v. Peters, 33 U.S. (8 Pet.) 591, 661 (1834).

[274] Baker v. Selden, 101 U.S. 99, 105 (1879); Higgins v. Keuffel, 140 U.S. 428, 430 (1891).

[275] Goldstein v. California, 412 U.S. 546, 555 (1973).

mer are internally inconsistent[276] and, in any case, based on a false premise that the introductory language of the Clause is merely a "preamble" without substantive meaning. This is certainly not the view taken by those most familiar with the Clause early in the nineteenth century,[277] or by the Supreme Court in both the patent[278] and copyright[279] context in modern times.

Because both the Eighth and the D.C. Circuits relied on the views expressed by the Fifth Circuit in *Mitchell Bros.* in 1979 to hold that the introductory language does not limit the power of Congress to determine what is copyrightable, some perspective must be given to the views expressed by the Fifth Circuit in that case in order to demonstrate how and why they are inconsistent and incompatible with the interpretation of the Copyright Clause set forth in the earlier 1966 case of *Graham v. John Deere Co.* and the subsequent 1991 case of *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*

According to the Fifth Circuit, there is no constitutional impediment to a congressional determination "that the best way to promote creativity is not to impose any governmental restrictions on the subject matter of copyrightable works."[280] This is correct insofar as it pertains to restrictions that fall within congressional authority, but it is incorrect to the extent that it suggests that there are no constitutional limitations on the subject matter of copyrightable works. Thus, the Fifth Circuit's conclusion that "the protection of all writings, without regard to their content, is a

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276 Thus, they argue quite correctly elsewhere in the same chapter that the term "authors" as it appears in the Clause must be construed in its relation to the introductory language and within the context of the subsequent term "writings." *See supra* note 53 and accompanying text.

277 Early on the introductory "to" language of the Clause was viewed as the actual grant of power to Congress with the "by securing" language interpreted as a limitation on that generic grant of power to only the issuance of patents and copyrights. This was consistent with the way the other grants of power were construed. Thus Justice Story quoted with favor the view expressed by President Monroe in 1822 that:

> The order generally observed in grants [of congressional power], an order founded in common sense, since it promotes a clear understanding of their import, is to grant the power intended to be conveyed in the most full and explicit manner; and then to explain or qualify it, if explanation or qualification should be necessary. This order has, it is believed, been invariably observed in all the grants contained in the constitution.

3 JOSEPH STORY, COMMENTARIES ON THE CONSTITUTION OF THE UNITED STATES § 1148 (1833).

278 Graham v. John Deere Co., 383 U.S. 1, 5-6 (1966); Anderson's Black Rock, Inc. v. Pavement Salvage Co., Inc., 396 U.S. 57, 61 (1969).

279 *See supra* note 275 and accompanying text.

280 Mitchell Bros. Film Group v. Cinema Adult Theater, 604 F.2d 852, 860 (5th Cir. 1979), *cert. denied*, 445 U.S. 917 (1980).

constitutionally permissible means of promoting science and the useful arts"[281] is overbroad because it inherently assumes that any writing may be copyrighted.[282] As the Supreme Court made clear in *Feist* that is simply not the case.

One may reasonably ask why Nimmer and Nimmer interpret the holding in *Mitchell Bros.* as being that the introductory language of the Copyright Clause does not in any sense require or obligate that "writings" protected by copyright actually promote the progress of science or useful arts but rather only requires that Congress promote these ends in its copyright legislation.[283] Aside from the fact that the distinction suggested by Nimmer and Nimmer appears to have no substantive meaning, their interpretation simply misrepresents the actual holding in *Mitchell Bros.*[284] What Nimmer and Nimmer really appear to be suggesting is a rationale for the holding in *Mitchell Bros.*, but again they have got it wrong.

The actual rationale for the holding in *Mitchell Bros.* was that the Supreme Court had set forth a "broad view of the congressional powers granted by [the Copyright] Clause,"[285] but as a practical matter the two primary Supreme Court opinions, *Graham v. John Deere Co.* and *McCulloch v. Maryland,* cited as supporting it, do not in fact provide authority for such a far-reaching rationale. Rather, they clearly indicate that congressional discretion is bounded and restricted by the limits set in the Clause itself on the constitutional grant of authority to Congress.[286]

Nimmer and Nimmer, however, rely on the following language quoted in *Mitchell Bros.*:

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[281] *Id.*

[282] It is highly questionable whether the Framers would have advocated or endorsed such a view when the Constitution was drafted. Although no one raised the question, had they been asked, it is likely that there would have been a unanimous view that the contents of certain writings were beyond the pale when it came to promoting the progress of science.

[283] *See supra* note 62 and accompanying text.

[284] *See* the text accompanying note 281 *supra.*

[285] 604 F.2d at 859.

[286] Thus, e.g., *Graham* declares that congressional discretion is bounded by "the limits of the constitutional grant." *See supra* note 65 and accompanying text. Chief Justice Marshall said much the same thing in *McCulloch* when he declared:

> *We admit, as all must admit, that the powers of government are limited, and that its limits are not to be transcended.* * * * *Let the end be legitimate, let it be within the scope of the constitution*, and all means which are appropriate, which are plainly adapted to that end, *which are not prohibited, but consist with the letter and spirit of the constitution*, are constitutional (emphasis added).
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> 17 U.S. at 421.

> The words of the copyright clause of the constitution do not require that *Writings* shall promote science or useful arts: they require that *Congress* shall promote those ends. It could well be argued that by passing general laws to protect all works, Congress better fulfills its designated ends than it would by denying protection to all books the content of which were open to real or imagined objection. . . .[287]

But the Supreme Court has never adopted such an over reaching interpretation of the Copyright Clause.[288] Such an interpretation suggests that the actual language of patent and copyright statutes is irrelevant, so long as Congress intends to promote the progress of science and useful arts. While Congress has discretion to be more restrictive than the grant of authority given to it by the Clause, it may not act in a manner that is more expansive than that grant.

The Supreme Court had an excellent opportunity in *Feist* to address the meaning to be given to the introductory language of the Clause, but chose not to exercise it. Thus, its holding that originality, and with it a modicum of creativity, is constitutionally required for copyright could easily have been predicated on an interpretation of the introductory language rather than on earlier attempts by the Court to define the terms "authors" and "writings."[289] The Court could readily have held that originality is necessary to satisfy the constitutional requirement that the "writing" be such as to promote the progress of science.[290] For this same reason, it

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287 604 F.2d at 860, quoting from Jeremy Phillips, *Copyright in Obscene Works: Some British and American Problems*, 6 ANGLO-AM. L. REV. 138, 165-66 (1977).

288 Rather in *Feist* it has clearly indicated that Congress does not have constitutional authority to grant copyright protection to "all works."

289 The Court could easily have taken an approach along the lines adopted by the Seventh Circuit at the end of the nineteenth century when it declared:

> Large discretion is lodged in the Congress with respect to the subjects which could properly be included within the constitutional provision; but that discretion is not unlimited. * * * [I]t is restricted to the promotion of the progress of science and the useful arts.

J. L. Mott Iron Works v. Clow, 82 F. 316, 318-20 (7th Cir. 1897).

290 Much in the same fashion as the Court had held that novelty is a constitutional requirement for "discoveries" to promote the progress of useful arts. Thus the Court has stated:

> The Patent Clause itself reflects a balance between the need to encourage innovation and the avoidance of monopolies which stifle competition without any concomitant advance in the "Progress of Science and useful Arts." As we have noted in the past, the Clause contains both a grant of power and certain limitations upon the exercise of that power. * * * The novelty and nonobviousness requirements of patentability embody a congressional understanding, implicit in the Patent Clause itself, that free ex-

could readily have held that a modicum of creativity is necessary before a writing actually promotes the progress of science as required by the Clause. Indeed, its conclusion that "copyright rewards originality, not effort"[291] finds its most obvious support in the introductory language of the Clause.

If, as the Court stressed in *Goldstein*, the Clause sets forth both the object of copyright and the means of achieving that object, it is difficult to understand why novelty and originality are not equated under the introductory language, yet *Feist* makes clear that they are not.[292] Why granting an exclusive right in a writing that is not novel in any way promotes the progress of science is simply not apparent. Indeed, the *Feist* Court seems — perhaps inadvertently — to have used quite inconsistent language in arguing that originality is not novelty but at the same time stating that the writing at issue "could not be more obvious."[293] If a modicum of creativity is indeed required for copyrightability, as emphasized in *Feist*, and if the object is indeed to promote the progress of science, then novelty rather than originality ought to be the constitutional requisite for copyrightability.[294]

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ploitation of ideas will be the rule, to which the protection of a federal patent is the exception.

Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 146, 151 (1989).

[291] 499 U.S. at 364.

[292] *Id.* at 345.

[293] *Id.* at 362.

[294] Contrast the view expressed by Dreyfuss that "the constitutional portion of the *Feist* decision puts information products beyond the reach of the Copyright Clause because nothing in the real world is original enough to protect, no matter how difficult it might be to retrieve." Rochelle Cooper Dreyfuss, *A Wiseguy's Approach to Information Products: Muscling Copyright and Patent into a Unitary Theory of Intellectual Property*, 1992 SUP. CT. REV. 195, 221.

PART III

COPYRIGHT CORNER

WHAT'S MY COPY RIGHT?

by MICHAEL J. MADISON*

(with references to *Folsom v. Marsh*, 9 F. Cas. 342 (C.C.D. Mass.1841) and Lou Abbott & Bud Costello)

Folsom: Well, Marsh, I've been out using my computer and surfing the Internet, and I have to tell you, there's a lot of interesting music out there to listen to online.

Marsh: Well, Folsom, I've seen the same thing. And I have to tell you, I'm a little confused about how a lot of it got there. I've got a lot of CDs, and my friends around the country have asked me to make copies of some of the songs from one of them and put them up on a free website so that they could download them and listen to them. It's a lot cheaper than their buying their own CDs, or my sending my CDs in the mail, and I get to hang on to my collection. But I wonder—is it legal? You're a law professor; you must know all about copyright law.

Folsom: I certainly do.

Marsh: You know, I've been using the Internet a lot but haven't paid a lot of attention to what the different parts of copyright are. So you can tell me, and then I'll know whether what I'm doing is against the law.

Folsom: Oh, I'll tell you the parts of copyright, but you know it seems to me these days the law comes with some very peculiar rights.

Marsh: You mean funny rights?

Folsom: Strange rights, pet rights . . . like the compulsory license for cable television re-transmissions . . . rights in architectural works . . .

Marsh: Like buildings?

Folsom: Sometimes . . . well, let's see, we'll start with the basics of copyright. There's the right to copy. . .

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Marsh: That's what I want to find out.

Folsom: I say, there's the right to copy . . .

Marsh: Are you the law professor?

Folsom: Yes.

Marsh: You're going to be my lawyer too?

Folsom: Yes.

Marsh: And you don't know the copyright law.

Folsom: Well I should.

Marsh: Well then, do I have the right to my copy?

Folsom: Yes.

Marsh: I mean the copyright.

Folsom: No.

Marsh: I don't have the copyright?

Folsom: Yes.

Marsh: So I don't have the right to my copy?

Folsom: No.

Marsh: I do have the copyright.

Folsom: You don't have the right to copy!

Marsh: I'm asking you if I have the right to my copy.

Folsom: That's what I told you.

Marsh: You told me I don't have the copyright.

Folsom: Yes.

Marsh: Well go ahead and tell me. I have the right to my copy, but I don't have the right to copy.

Folsom: That's it.

Marsh: That's it?

Folsom: Yes.

Pause

Marsh: Look, is there another right?

Folsom: Certainly.

Marsh: First, there's the right to copy.

Folsom: That's right.

Marsh: When the songwriter writes the song, he gets the right to copy?

Folsom: Absolutely.

Marsh: All I'm trying to find out is who owns the copyright?

Folsom: The songwriter.

Marsh: The guy that gets . . .

Folsom: That's it.

Marsh: The songwriter gets the copyright . . .

Folsom: He does, every bit of it. Sometimes he gives it to his record company.

Marsh: The record company?

Folsom: Yes.

Pause

Folsom: What's wrong with that?

Marsh: What I want to know is when I buy a CD, who gets the right to my copy?

Folsom: You.

Marsh: Me?

Folsom: You.

Marsh: How do I get . . .

Folsom: You paid for it.

Marsh: I did?

Folsom: Yes.

Pause

Marsh: All I'm trying to find out is whether I can copy my CD for my friend across the country.

Folsom: No. The copyright owner has the right to distribute the song.

Marsh: I'm not asking you about being a distributor.

Folsom: The copyright owner has the right to distribute.

Marsh: One right at a time!

Folsom: Well, don't change around what you're doing.

Marsh: I'm not changing anything!

Folsom: Take it easy, pal.

Marsh: I'm only asking you, who has the right to my copy?

Folsom: You do. That's right.

Marsh: OK.

Folsom: All right.

Pause

Marsh: If I want to take my copy, play it in the CD-ROM drive of my computer, for myself and a few friends, I have the right to do that.

Folsom: Yes. But that's fair use.

Marsh: I'm not asking you about fair use. I want to make MP3 files from my CD so that my friends can listen to my music, off of the Internet.

Folsom: That's the right to prepare derivative works.

Marsh: What?

Folsom: We're not talking about that right now.

Marsh: How did I get on to derivative works?

Folsom: You mentioned them. The MP3 format compresses the recording found on the CD into a much smaller digital file.

Marsh: Then I don't have the right to my copy?

Folsom: No. You have the right to your copy.

Marsh: I have the right to my copy?

Folsom: Yes.

Marsh: I can listen to my copy as an MP3 as well as a CD.

Folsom: That's the derivative right.

Marsh: There I go, back on derivative works again.

Pause

Marsh: Would you just stay on this right to make derivative works?

Folsom: All right, what do you want to know?

Marsh: Now who's got the right to make derivative copies?

Folsom: Why do you insist on combining the right to copy and the right to make derivative works?

Marsh: I'm talking about making MP3s for my friends.

Folsom: That's the right to make derivative works.

Marsh: You don't want me copying CDs for my friends?

Folsom: The copyright owner has the right to copy.

Marsh: I have the right to listen to my copy?

Folsom: What you do with your CD at home is your own business, if it's . . .

Together: Fair use!

Pause

Marsh: Look, are there other rights here?

Folsom: Sure. There's the right to distribute.

Marsh: I'm in distribution?

Folsom: Yes.

Marsh: I have the right to my copy?

Folsom: Yes.

Marsh: Then I can distribute my copy?

Folsom: Yes.

Marsh: Since I can't put a CD on the Internet, I can distribute my CD as an MP3.

Folsom: No, that's the right to make derivative works.

Marsh: I'm not asking you about derivative copies.

Folsom: You don't have the right to copy.

Marsh: But I can listen to my copy?

Folsom: What you do with your CD at home is your own business, if it's . . .

Together: Fair use!

Pause

Marsh: Anything else?

Folsom: The right to perform.

Marsh: Because I'm putting the song on the Internet, I'm a performer?

Folsom: Yes.

Pause

Marsh: Look, I thought the singer is the performer. Copyright lets you have two performers of the same song?

Folsom: Sure.

Marsh: I put my copy of the song on the Internet, that makes me a performer?

Folsom: Could be.

Marsh: You don't want to tell me if that's a copy?

Folsom: You don't have the right to copy.

Marsh: I have the right to perform my copy?

Folsom: But not if it's a copy.

Marsh: I don't have the right to listen to a copy?

Folsom: What?

Marsh: My friends don't have the right to listen to my copy?

Folsom: You do not have . . .

Marsh: I'll break your arm if you say I don't have the right to copy!!! I want to know if I can make MP3s for my friends to listen to.

Folsom: That's the right to create derivative works.

Marsh: I can't listen to my CDs with my friends?

Folsom: What you do with your CD at home is your own business, if it's . . .

Together: Fair use!

Pause

Marsh: You ever write songs?

Folsom: As a matter of fact, I do.

Marsh: You record them and sell them?

Folsom: Yes.

Marsh: You own the copyright to these songs?

Folsom: Certainly.

Marsh: So you have the right to copy. And if I buy your CD, I have the right to my copy.

Folsom: Now you've got it.

Pause

Marsh: So I get up after dinner some evening to have some fun with my copy of your CD. I sit down at the computer and put the CD in the CD-ROM drive. I start playing the music through the computer speakers. My friend sends me an email asking me if he could listen to it, too. I make an MP3 of the track that I'm listening to, upload it to my website, and my friend tells me in another email that he's listening to the MP3 off of the Web, and he's enjoying it. I'm listening to my copy, but I've made a copy, I've made a derivative work, and I've become a distributor and performer, too.

Folsom: Now that's the first thing you've said right.

Marsh: I don't even know what I'm talking about!

Pause

Folsom: That's all you have to do.

Marsh: Is not copy.

Folsom: Yes!

Pause

Marsh: Look, I know something about computers. If I listen to my CD on my computer, I'm making a copy.

Folsom: Yes indeed.

Marsh: So I'm listening to a copy.

Folsom: That's right.

Marsh: And I'm also listening to my copy.

Folsom: Naturally.

Marsh: So my friend who gets the MP3 from me is listening to a copy, but is also listening to my copy.

Folsom: No, that's different.

Marsh: That's what I said.

Folsom: You're not saying it . . .

Marsh: I share my copy of the song with my friend?

Folsom: You copy your copy.

Marsh: Yes.

Folsom: That's it.

Marsh: That's what I said!

Folsom: You asked me.

Marsh: When I listen to the song, I use my copy.

Folsom: Naturally.

Marsh: And I copy my copy.

Folsom: OK.

Marsh: And if I send an MP3 of my copy to you, and you listen to it, you copy my copy.

Folsom: That's it.

Marsh: So, I listen to the song and make a copy. Then I make an MP3 of my copy and put it on the Web for my friend to listen to, but doing that creates a derivative work, and maybe makes me a distributor and performer, which I can't do because I own my copy, not the right to copy—unless I listen to it in the privacy of my own home, or with only a few of my friends, and then it might be fair use. You know, this is crazy. I should have the right to a law that I can understand.

Folsom: What?

Marsh: I said: I don't understand.

Folsom: Oh—that's right, too!

PART IV

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

United States

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

37 C.F.R. Part 201. Copyright Office Requested Comments on Proposed Amendments to Regulation Governing Notices of Termination of Transfers and Licenses and Licenses Covering the Extended Renewal. Federal Register, vol. 66, no. 83 (May 3, 2001), pp. 22139-40. The Copyright Office is proposing amendments to its regulation governing notices of termination of transfers and licenses covering the extended renewal term. The current regulation is limited to notices of terminations made under section 304(c) of the copyright law. The Sonny Bono Copyright Term Extension Act created a separate termination right under section 304(d). Under the proposed regulation, procedures governing notices of termination of the extended renewal term would cover notices made under either section 304(c) or 304(d). Substantive changes include the following: 1) Section (b)(i) of the proposed regulation requires that if the termination is made under section 304(d), the notice should provide a statement to that effect; 2) A new § 201.10(b)(vi) is added requiring notices issued under section 304(d) to contain a statement "that the rights in the extended renewal term which are being terminated have not been subject to a previous termination." This is a statutory requirement imposed in section 304(d). Comments were due June 18.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

37 C.F.R. Part 202. Copyright Office Makes Technical Amendments Regarding Copyright Renewal. Federal Register, vol. 66, no. 93 (May 14, 2001), pp. 24267-68. The Copyright Office is making technical amendments in the regulation regarding copyright renewal to reflect the modification in duration of the extended renewal term from forty-seven to sixty-seven years as a result of the Sonny Bono Copyright Term Extension Act (Pub. L. 105-298). These technical amendments add a reference to Pub. L. 105-298 and substitute sixty-seven years in places where the renewal regulation designates forty-seven years.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

37 C.F.R. Parts 252 and 257. Copyright Office Adopts Final Regulations for Filing a Claim to Royalties. Federal Register, vol. 66, no. 106 (June 1, 2001), pp. 29700-04. The Copyright Office of the Library of Congress is adopting final regulations for filing a claim to royalties collected under the cable statutory license, 17 U.S.C. 111, and the satellite statutory license, 17 U.S.C. 119. Under the new rules, a party who files a joint claim on behalf of multiple copyright owners must list the name and address of each copyright owner to the joint claim. The single exception applies to performing rights organizations, which need not identify their individual members or affiliates in a claim.

U. S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

37 C.F.R. Parts 201, 202, 203, 204, 205, and 211. Copyright Office Announces Technical Amendments to Regulations. Federal Register, vol. 66, no. 125 (June 28, 2001), pp. 34372-74. The Copyright Office has completed its annual review of Copyright Office regulations and has adopted nonsubstantive amendments to clarify, update, and correct the text of the regulations. As part of this review, the Office removed sections 211.5(f) and 201.15 because their regulatory authority had either expired or been repealed by the Semiconductor Chip Protection Act of 1984, as amended, and the Work Made for Hire and Copyright Corrections Act of 2000. The Office also added a section on limited purpose addresses for certain time-sensitive communications and made other changes to correct minor errors.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

37 C.F.R. Part 202. Final Regulations on Group Registration of Published Photographs Announced. Federal Register, vol. 66, no. 137 (July 17, 2001), pp. 37142-50. The Copyright Office of the Library of Congress announces final regulations to establish a new procedure for group registration of published photographs. The new regulations permit submission of groups of published images in a variety of formats as deposit copies, together with an application and filing fee. This option applies to groups of works created by an individual photographer that are published within one calendar year. The Office is also liberalizing deposit requirements for groups of unpublished photographs registered as unpublished collections.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Copyright Office Announces Initiation of and Schedule for Arbitration Proceedings for Digital Performance Rights in Sound Recordings and Ephemeral Recordings. Federal Register, vol. 66, no. 141 (July 23, 2001), pp. 38324-26. The Copyright Office of the Library of Congress is an-

nouncing the existence of a controversy as to the establishment of rates and terms for the digital public performance of sound recordings license (as it pertains to webcasters) under 17 U.S.C. 114 and for the making of ephemeral copies in furtherance of a digital public performance under 17 U.S.C. 112 and is initiating an arbitration proceeding to set the rates and terms for these licenses. The arbitration proceeding begins on July 30, 2001, and runs for a period of 180 days. See the Federal Register notice for further information.

PART V

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