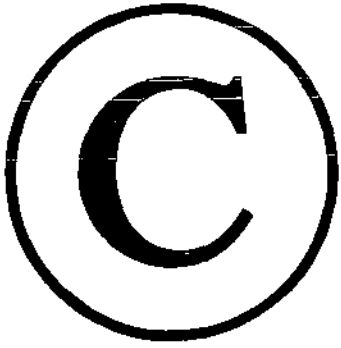
Journal

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FROM THE DESK OF THE EDITOR-IN-CHIEF

With Issue One of Volume 51, we begin the second half-century of the *Journal*. The first fifty years of the *Journal* witnessed the Digital Revolution. One can only wonder at what will be the copyright hallmark of the next fifty years. What innovation in the exploitation of creative works and what new forms of creative works will come into being by the year 2053 A.D.?

We begin Issue One with memorial tributes to the Honorable Theodore R. Kupferman, one of the founders of the Copyright Society of the U.S.A.

In the President's Message in Volume 50, Maria Danzilo wrote "Scratch a copyright lawyer and beneath the surface you will find someone who loves not only copyright law, but also art, music, drama, literature and motion pictures." *Peter Pan*, in one form or another, has been reflected in all the art forms and has been at the center of copyright controversy. So, an article on *Peter Pan* should satisfy both the legal and artistic side of the *Journal* readership. In *Peter Pan's Rights: "To Die Will Be an Awfully Big Adventure"*, Catherine Seville explores the copyright issues that have arisen with respect to *Peter Pan*, but she also recounts the history of *Peter Pan* — a delightful combination.

In *Entropy and Atrophy: The Still Uncertain Status of the Fair Use of Unpublished Works and the Implications for Scholarly Criticism*, Timothy Hill begins with the observation that "the importance of unpublished works to the discipline of scholarly research and criticism cannot be questioned." His article examines whether "current conceptions of fair use, both in and out of the courts, offer viable options to scholars."

Fair use is also the topic of Mitch Tuchman. In his article, *Judge Leval's Transformation Standard: Can It Really Distinguish Foul From Fair?*, he critiques the transformation standard first articulated by the Honorable Pierre N. Leval.

Issue One also contains the always popular and valuable *"Recent Developments in Copyright": Selected Annotated Cases* by David Goldberg, Robert W. Clarida, and Thomas Kjellberg, ably assisted by a number of associates.

The founder of the *Copyright Corner*, long-time Society member Bernard R. Sorkin, has once again graced the pages of the *Corner* with his piece *A Geriatric View of Motion Picture Piracy*.

Alan J. Hartnick, former president of the Society, reviews the new PLI book, *Substantial Similarity in Copyright Law*, by Society members Robert C. Osterberg and Eric C. Osterberg.

Issue One concludes 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: beardj@stjohns.edu.

Joseph J. Beard
Editor-in-Chief

ERRATUM

Volume 50: The title of the article by Professor Wendy J. Gordon should read: "Excuse and Justification in the Law of Fair Use: Transaction Costs Have Always Been Only *Part* of the Story."

VOLUME 51 IS
DEDICATED TO THE MEMORY OF
THE HON. THEODORE R. KUPFERMAN

IN MEMORIAM: HON. THEODORE R. KUPFERMAN



1920–2003
Founding Member and First Secretary
The Copyright Society of the U.S.A.

In Memoriam: The Hon. Theodore R. Kupferman

A TRIBUTE TO THE HON. THEODORE R. KUPFERMAN

by MARIA A. DANZILO
President, The Copyright Society of the U.S.A.

On behalf of the Copyright Society of the U.S.A. I am honored to dedicate Volume 51 of the *Journal of the Copyright Society of the U.S.A.* to one of our founding members, the late Theodore Roosevelt Kupferman. Ted was on our first Board of Trustees, and was our first Secretary. He contributed immeasurably in the early formative years of the Society, and in 1972 was the Society's third Brace Lecturer. He passed away on September 19, 2003.

Ted Kupferman was known for his intelligence, wit and humor. He was highly respected as a copyright lawyer, and worked in the legal departments of Warner Brothers Pictures, NBC and Cinerama, before moving into politics. He was a Member of the House of Representatives (probably our only officer ever to serve in Congress), and for nearly twenty-five years, served as a Justice of the New York Supreme Court, mostly in the Appellate Division, First Department, where he was known as the Great Dissenter. He maintained close friendships with his colleagues from the world of copyright, including many of our founding members. He will be sorely missed.

We extend our deepest sympathies to his family and many friends.

In Memoriam: The Hon. Theodore R. Kupferman

A TRIBUTE TO THE HON. THEODORE R. KUPFERMAN

by EDWARD M. CRAMER
Founding Member of the Society, 1953

In September, Theodore R. Kupferman died at the age of eighty-three. Those who knew him well could address him as "Teddy," because he was named after Theodore Roosevelt who became his idol.

Teddy had a distinguished and varied career as a city councilman, a member of Congress and for nearly twenty-five years, a State Supreme Court Judge, virtually all that time serving in the Appellate Division, First Department. He was known as the great dissenter. It is reported that of his 790 opinions, 625 were dissents.

At his funeral services, there were hundreds of distinguished lawyers, judges, political figures, clients and many just plain friends. Among those who delivered eulogies was Mayor Michael Bloomberg. What they all had in common was the humorous stories about him, something Teddy would have enjoyed.

Missing however was any reference to his career in the field of copyright law. He graduated from the City College of New York and from Columbia Law School. As a student, his article on renewal rights was a pioneering effort (Kupferman, *Renewal of Copyright*, 44 COLUMBIA LAW REVIEW 712 (1944)). It was followed shortly thereafter by his article on rights as collaborators (Kupferman, *Copyright Co-owners*, 19 ST. JOHN'S LAW REVIEW 95 (1945)). He then worked in the legal department of Warner Brothers Pictures, NBC and Cinerama before entering the world of politics.

On a personal note, I would kid him about some of his decisions because he would often look for a copyright issue even if it involved a criminal matter. In one case he wrote, "It does not take Gertrude Stein to know that a contract is a contract is a contract." When I jokingly questioned him about it, he held up his hand and said, "Fair use."

He was chairman of the Copyright Committee of the Federal Bar Association of New York, New Jersey and Connecticut and in that capacity organized a series of seven lectures in 1951 by the then leading practitioners. They were published by CCH under the title *7 Copyright Problems Analyzed*. It proved so successful that a second series was done in 1953 and also published by CCH. Both were edited by Judge Kupferman.

Although there does not appear to have been any formal arrangement, the Copyright Society of the USA and its *Bulletin* were inspired by Judge Kupferman's pioneering work. He was on the first Board of Trustees of the Society and its first Secretary.

It is therefore particularly fitting that the Copyright Society, on its 50th anniversary, joins in paying tribute to "Teddy."

PART I

ARTICLES

PETER PAN'S RIGHTS: "TO DIE WILL BE AN AWFULLY BIG ADVENTURE"

by CATHERINE SEVILLE*

INTRODUCTION

Peter Pan, that world-famous fictional veteran of many battles with pirates, is the cause of yet another skirmish. Wendy and Tinker Bell vied jealously for the affections of "the boy who would not grow up," but at issue now are the rights to his character, and those of his friends. The Canadian author Emily Somma has written a book, *After the Rain: A New Adventure for Peter Pan*. Somma's book is about a twenty-first century girl, Crystal McFarland who, with her friends Buddy and Sean, rescues Peter Pan from endless childhood in Neverland, where he has lived for ninety-seven years. It is freely admitted (and acknowledged on the cover) that the book was inspired by the characters of Peter Pan and Tinker Bell, and the world of Neverland described in J.M. Barrie's books. Somma's story includes these, adds new villains and a new fairy (Oliver), and the modern characters who — unlike Peter Pan — look forward to the possibilities and opportunities of adulthood. Published initially in Canada in an edition of 1,000 copies, Somma's attempts to find a United Kingdom publisher drew the book's existence to the attention of the copyright holder, the Great Ormond Street Hospital for Sick Children, London. Although Somma is clearly identified as author of the book, the Hospital has objected to the publication of her work in the United Kingdom, European Union and United States, claiming protection under copyright, trademark and unfair competition laws. In response, Somma has filed a pre-emptive suit in San Francisco, claiming that the characters are in the public domain, and seeking declaratory judgment that her activities violate no rights in the United States.

The case raises difficult legal, literary and social questions. Anglo-American law has been reluctant to protect fictional characters per se, with a specific "character right." Problems have therefore been dealt with using the existing legal structures of copyright, trademark, passing off and unfair competition law.[1] Unsurprisingly, this approach does not result in a coherent strategy for the legal protection of character, as cases are framed and presented to fit the existing causes of action. In addition, different

*Director of Studies in Law, Newnham College, Cambridge.

[1] For review and critique of the American approach, see Leslie A. Kurtz, *The Independent Legal Lives of Fictional Characters*, 1986 WIS. L. REV. 429.

jurisdictions have adopted somewhat different approaches to these issues. Inevitably, too, the law continues to develop to meet the prevailing circumstances. Character merchandising is now widespread in a way which it was not a hundred years ago when Barrie's works were published. Attitudes to personality rights and personality merchandising have also changed significantly. When attempting to define a legal approach to protection, the boundary between "real people" and "fictional characters" is neither so clear nor as helpful as one might at first imagine. Each will have both a private and a public aspect. Considerable economic and human interests may well be at stake in these cases. Yet Anglo-American law is consistently more comfortable when it can treat works as commodities, preferring measurable economic interests to elusive moral claims to ownership or control.

Even within the literary sphere the concept of "ownership" of character is extremely problematic. Although the author is an obvious first candidate for holding such a property, the author is likely to have built on existing themes and sources (as Barrie himself did), and therefore it is hard to justify a right in a character which threatens to remove such sources from the public domain. Furthermore, once the character is released to the public, its audience will have a view of it, separate from that of the author. For some characters the public's reaction may determine their future. The Eliza Doolittle of the musical *My Fair Lady* is changed from Shaw's expression of her in *Pygmalion* (a work contemporary with *Peter Pan*), in a way which dilutes Shaw's thesis significantly, but increases its palatability for the general audience. Julie Andrews played Eliza in the 1956 Broadway musical version written after Shaw's death, but was replaced for the 1964 film version by Audrey Hepburn, who was in turn dubbed by Marni Nixon for the songs. Which of these, if any, is the "real" Eliza? The romantic model of authorship would give the author's response to this question pre-eminence, but modern literary criticism has sharply challenged the notion that authors should have a privileged role in determining the interpretation of their works, and would locate meaning elsewhere. Such thinking is anathema to the Anglo-American legal tradition. Yet unless the slipperiness of the concept of "character" is acknowledged, attempts to provide a legal response to requests for its "protection" are likely to ignore many of the arguments for and against that protection, particularly if it is to be labelled "property." Similarly, it should be acknowledged that some exploitations of character would be regarded as injuries only by the character's author (or those claiming under the author's spirit). Although it may be that there are convincing policy reasons for overriding the author's sensibilities, it should be recognised in such cases that money will not always be accepted as solatium.

Current legal solutions barely consider the author or the character in any literary sense. On the whole the focus is on the *property* which represents the work. If the defendant takes a substantial part of what is deemed a copyright work, this will be infringement. If the defendant misleads the public and thereby diverts the claimant's revenue into his own pockets this will be passing off, unfair competition, or infringement of trademark. However, there is resistance to the creation of monopolies, and to the protection of what are termed *ideas*. Hence, the difficulty with protecting character. Certain adaptations of *works* are prohibited as long as they are in copyright. But should the abstraction and new development of a character, particularly one which has become somehow embedded in the public imagination, be regarded in the same light? An author-centred analysis would conclude that the author should retain control. Yet those concerned to promote a rich public domain would argue that such activities should lie outside the copyright holder's exclusive province; that at some point an author's character ceases to be expression and returns to the realm of idea, freed again for others to recapture and reuse in further expression.

Peter Pan is unique in several ways — legally, in literary terms, as a social phenomenon. Consequently it is extraordinarily hard to locate the "authentic" character. In addition, the fact that the copyright holder is a children's hospital complicates the situation immeasurably: the identification of the beloved character with the unquestionably deserving beneficiaries has had a powerful influence on both the grant and exploitation of the copyright. Thus the nomination of the appropriate heirs to the Peter Pan riches is a contentious task. This article explores these issues, considering firstly the legal environment in which characters are currently protected. Secondly, the historical context of the Peter Pan works is explained, to illustrate the difficulties which flow from the legal protection of characters. Finally, these two lines of thought are brought together and considered in the context of Great Ormond Street's attitude to the exploitation of Peter Pan, both historically and in relation to Somma's book. As a preliminary, however, it is necessary to understand the exceptional nature of the Peter Pan copyright.

I. THE PETER PAN COPYRIGHT

In 1929, Barrie assigned the copyright in *Peter Pan* to the Great Ormond Street Hospital, unconditionally.[2] Having been performed every Christmas since 1904, the story and its characters — particularly the asso-

[2] Showing considerable foresight, Barrie's solicitor, Sir Reginald Poole, had recommended that "Barrie should leave control over the production of the play to some disinterested person for fear the hospital might come to consider only the commercial side" but Barrie preferred to make the gift unconditional. CYNTHIA ASQUITH, PORTRAIT OF BARRIE 177 (1954).

ciation with children — were by then deeply embedded in popular culture. Barrie's act of charity was considered as delightful and whimsical as his play. In a leader the day after the announcement of the gift *The Times* observed:

> *Peter Pan* has always been for the children, always peculiarly the children's play. And henceforth *Peter Pan* is to be for the children in another sense. The boy who was ever a being remote and shut off from his fellows is to help other children back to life. The boy who would not grow up is to play a great part in contriving that other children shall grow up to be healthy men and women.[3]

Financially too the part was a significant one, expected to generate £2,000 a year, at a time when the Hospital needed an income of £1,000 a month to cover its working costs.

Barrie died in 1937, and under the law as it then stood copyright in his works expired on 31 December 1987. A bill to effect significant reforms to copyright law was at that time working its way through Parliament. Lord Callaghan, a former Prime Minister newly arrived in the House of Lords, proposed an amendment giving the Hospital a continuing right to royalties from exploitation of the work. He disclaimed any intention of reviving the copyright (and thus the ability to refuse permission to use the work), framing his proposal as a way to ensure that the Hospital continued to receive royalties, which "a number of theatre managers and others" had indicated that they wished to pay voluntarily in any event. Peter Pan's magic was still working powerfully on their Lordships, with many of the speeches in support containing specific references to the play: Lord Boyd-Carpenter stressed the appropriateness of the amendment in very much the terms used by *The Times*' leader writer in 1928; Baroness Strange evoked the story's "mother" images in recounting her own family's encounters with generations of the tooth fairy; Lord Beaverbrook compared the amendment to the mechanism by which Peter Pan is able to return to each generation even though Wendy grows up. This continuity was further reinforced by Lord Charteris, who proudly declared that as children he and his brother Lord Wemyss had acted in two plays written for them by Barrie, who had rehearsed them personally.[4] Baroness Llewelyn-Davies, a former

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[3] TIMES, Apr. 13, 1929. Lord Macmillan was Chairman of the Hospital Trustees at the time, and records Barrie's "charming benefaction" in his reminiscences. HUGH P. MACMILLAN, A MAN OF LAW'S TALE (1952).

[4] Beginning in 1921, Barrie hosted a house party every summer at Stanway, one of the Charteris family homes. He was friendly with Lord and Lady Wemyss, and their daughter Cynthia Asquith was his secretary. The first "Stanway" play was written in 1925, for the birthday of Cynthia's son Simon. Its success encouraged Barrie to write a five-act melodrama the fol-

Chairman of the Hospital's board of governors, also spoke warmly in support: she too had family connections with *Peter Pan*.[5]

There was little opposition. Lord Lucas expressed mild concern at the making of such a precedent, wondering where it might lead, although indicating that he might well support the amendment nevertheless. Lord Willis (exhibiting, in the circumstances, the effrontery of Captain Hook) objected that it was wrong in principle to ask the theatre to subsidise the National Health Service, and was immediately accused of being "one of those cynical little boys who . . . refused to clap and so proclaim his belief in fairies and would have allowed poor Tinkerbell to expire." Elsewhere in the bill there was provision for the repeal of the few surviving perpetual copyrights, and those responsible for the amendment took care to distinguish the situations. Lord Beaverbrook explained:

> I think it would be wrong to revive the exclusive rights conferred by copyright when the hospital's sole concern is the restitution of a licence income. These amendments only provide a right to a royalty or other remuneration; they do not give the hospital a right to prohibit exploitation of the work. That, I think is the right balance.[6]

The amendment was agreed to without a vote, the will of the House being so obviously in its favour. Although much of the reporting noted only the charm of "the copyright that would not grow up," other commentators thought it an illogical and dangerous precedent which undermined the coherence of the copyright privilege, and hoped (vainly) that the amendment would be withdrawn.[7]

Thus it was that the 1988 Copyright Act introduced a unique exception to the standard copyright term, especially for the play *Peter Pan*. It gave the trustees of The Hospital for Sick Children, Great Ormond Street, London a "right to a royalty in respect of the public performance, commercial publication, broadcasting or inclusion in a cable programme ser-

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lowing Christmas, *Where was Simon? Or The Secret of the Pyramid*. The following year came *The Wheel – A Play for Eight Children and their Grandpapa* (this last being the then Lord Wemyss himself). There were printed programmes, special lighting, elaborate scenery, and a professional stage-director from London. Barrie seems to have rehearsed everyone endlessly and mercilessly.

5 The Baroness' husband was Richard Llewelyn-Davies, who himself was Chairman of the Hospital's Board of Governors. Llewelyn-Davies was the family name of the boys who inspired Barrie to write *Peter Pan*. One of their father's brothers was Crompton Llewelyn-Davies — Richard's father.

6 PARL. DEB., H.L. (5th ser.) (1988) 836-47.

7 *See, e.g.*, Gavin McFarlane, *Peter Pan and the Copyright Bill*, LAW SOC'Y'S GAZETTE, May 11, 1987, at 20-22. More recently, see Hugh Laddie, *Copyright: Over-strength, Over-regulated, Over-rated*, 18 E.I.P.R. 253, 257 (1996).

vice of the play 'Peter Pan' by Sir James Matthew Barrie, or of any adaptation of that work" notwithstanding that copyright in the work had expired. No royalty is payable in respect of anything which could have been done without license whilst the work was still in copyright. The right is potentially perpetual, although it will cease if the Hospital ceases to have a separate identity or ceases to have purposes which include the care of sick children. Sums received by the trustees are to be held on trust for the purposes of the Hospital.[8]

The play was later to enjoy an additional bonus thanks to the Directive which harmonised copyright term throughout the EU. The general term was harmonised upwards to the author's life and seventy years. This term applied to works created before its introduction date, and the Directive *revived* copyright in works still protected in one EEA State at that time.[9] The play fell within this category, and so benefits from more extensive copyright protection until 31 December 2007.

The Hospital has engaged in extensive licensing activities, apart from sales of the works themselves and the licensing of productions. There have been two Walt Disney cartoons *Peter Pan* and *Peter Pan: Return to Neverland*, a Fox television cartoon series *Peter Pan and the Pirates*, and the Spielberg-directed film *Hook*. Two further films are due for release during 2003, to celebrate the play's centenary; *Peter Pan* (a Miramax live action remake of the play with special effects by Industrial Light and Magic), and *Neverland* (a film about Barrie's writing of the play, starring Johnny Depp and Kate Winslett). The Hospital benefits from royalties as a result of all of these agreements.[10] In addition, it has registered numerous Peter Pan-related trademarks, for a considerable range of goods and services. The Hospital has on occasion had to defend its rights with legal action, in vari-

[8] Copyrights, Designs and Patents Act, 1988, 36 & 37 Eliz. 2, c. 48, § 301 [hereinafter CDPA] and Sched. 6. The Copyright Tribunal has power to determine the amount payable, in default of agreement.

[9] Duration Directive 93/83, implemented in the United Kingdom by S.I. 1995 No. 3297 (Duration of Copyright and Rights in Performances Regulations 1995). These regulations include transitional provisions which address the expectations of those who had been using or hoping to use works with extended or revived copyright, which would otherwise have been in the public domain. These copyrights are therefore not quite so extensive as new copyrights. For example, Reg. 24 makes provision for use as of right of works in which revived copyright subsists, subject to reasonable notice and payment of a reasonable royalty. However, *Peter Pan* is not subject to this provision, because Reg. 24 is specifically disapplied where a royalty is payable under Schedule 6.

[10] The royalties which the Hospital received for *Return to Neverland* are said to have reached £100,000 already, and those for *Hook* are said to have exceeded £1 million.

ous jurisdictions. In a press release published in response to Somma's suit the Hospital stated:

> the play Peter Pan remains in copyright in the US until 2023. It is the Hospital's opinion, backed by success in the courts, that the play cannot be copyright unless the characters in the play are also copyright.[11]

The legal basis for this opinion merits careful examination. It should particularly be noted that the copyright holder appears to be asserting some sort of "character copyright." Some protection for character can certainly be found within the copyright of a work, but the implication here is that there is an additional freestanding copyright protecting the characters per se. If this were so, then it would be possible for a new work to infringe the "character copyright" even though it did not infringe the copyright in the play itself. Such control over characters would allow the copyright holder considerable power to prevent forms of exploitation which it disliked, or alternatively to seek a share in revenues flowing from the use of its characters. In the United States, there is some authority in favour of the independent protection of character by means of copyright. However, English copyright law has been reluctant to concede such a right, considering it to be fraught with difficulties.

The policy questions are vexing. As has been mentioned, since authors draw from the literary commons it is arguably inappropriate to attribute "ownership" of a character to a single author, at least if this is to extend beyond the boundaries of the character's expression in the author's copyright works. Against this position is the argument that the creator of a character has the best claim to control its further exploitation, whether this is in a literary sense, or in financial terms. It should also be noted that if a "character copyright" is conceded, it will be a tricky task to define infringement in a way which does not threaten the public domain: quite apart from the dangers of unwittingly restricting others' use of character types, room must also be left for humour, parody, comment, and reference.

II. COPYRIGHT — CAN IT BE USED TO PREVENT UNWANTED EXPLOITATION OF A CHARACTER?

Aspects of a character — such as name, voice, image, distinctive dress or behavioural traits — are often used to promote goods or services. Under English law, if this is done without the authorisation of the copyright holder, it is possible that a remedy will lie in copyright, but only if

[11] Press Office, Institute of Child Health, Great Ormond Street Hospital for Sick Children, Jan. 6, 2003.

what is taken amounts to a copyright work. It many instances this will not be the case.

It is thought that there will be no copyright in a name per se, but many of the authorities which are commonly quoted in support of this proposition are centrally concerned with passing off, and assert without discussion that copyright will not protect names.[12] One might have thought that personal names ought to be denied copyright, for the sake of convenience, but the categories of personal names, company and trading names, and fictional names are insufficiently distinct to form the basis of a useful and exhaustive rule. The few authorities which consider directly the question of copyright in invented words and names are not entirely free from hesitancy on the matter. The fruitless efforts to protect the corporate name "Exxon" by copyright are often cited. There, the Court of Appeal upheld Graham, J.'s, finding that "Exxon" was not an "original literary work" for the purposes of § 2 of the Copyright Act 1956 (although an injunction was granted on the basis of the passing off claim). However, Graham J., refused to go so far as to say that a word used as a title could never be the subject of copyright, although he thought that such a word would have to have qualities justifying "its recognition as an original literary work rather than merely as an invented word." Helpfully clarifying this thought with an example, he supposed it "just conceivable" that the use in a literary context of the single words "Jabberwock" or "Jabberwocky" might be held to be an infringement as being a substantial part of Lewis Carroll's poem, whereas if the word had been invented without the poem

[12] The common law position is clear — that no person has an absolute right to a particular name. Du Boulay v. Du Boulay, [1867–69] L.R. 2 P.C. 430, 441. In a case concerned with the use of the name of the fictional character "Kojak" on rival lollipops, Walton, J., observed that in English law "we do not recognise any copyright or other species of property in any names or words, whether invented or not." Tavener Rutledge, Ltd. v. Trexapalm, Ltd., [1975] F.S.R. 479, 483 (Ch.). He relied on *Day v. Brownrigg*, L.R. 10 Ch. 294 (1878) (although copyright was not mentioned in this unneighbourly dispute over the house name "Ashford Lodge"), and *Burberrys v. J.C. Cording & Co.*, 26 R.P.C. 693, 701 (Ch. 1909) (a trademark case concerning "Slip-on" for coats, where Parker, J., observed that "apart from the law as to trade marks, no one can claim monopoly rights in the use of a word or name."). *Tavener* was dealt with under the heading of passing off, as many cases of this factual nature have been. *Kean v. McGivan*, [1982] F.S.R. 119 (Eng. C.A.), involved a dispute as to the name "Social Democratic Party." Ackner, L.J., considered it well-settled "that beyond statute there is no property in a name as such," and the claim in passing off was defeated by the absence of commercial activity. Copyright was not mentioned. *Id.* at 120. More recently, Laddie, J., observed that "There is nothing akin to a copyright in a name." *Re* Elvis Presley Trade Marks, [1997] R.P.C. 543, 547 (Ch.).

there would have been no literary work and no copyright protection.[13] Whatever the strict legal position, the contemporary Boston women who wished to use "Jabberwock" as the title of their literary magazine thought it proper to write to the author for permission. It was graciously granted.[14] In contrast, the American Internet search engine "Ask Jeeves" did not clear its use of the name with the Wodehouse estate, which threatened legal action. Both sides have been coy about their subsequent discussions, which led to a settlement allowing Ask Jeeves, Inc., to use the name without further protest from the estate.[15]

The "Jabberwock" example also illustrates a further point. There is not always a clear borderline distinguishing names from titles, or from names used adjectivally:

> There is the rule in copyright that you can have no copyright in a name, and on that basis it is said that Teenage Mutant Ninja Turtles, or Ninja Turtles, are names and not subject to any copyright. The point seems to me not altogether easy to say whether a descriptive invented name is to be categorised as a name or a description.[16]

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[13] Exxon Corp. v. Exxon Ins. Consultants Int'l, Ltd., [1982] Ch. 119, 131. For like diversion (again inconclusive), see the American case *Life Music, Inc. v. Wonderland Music Co.*, 241 F. Supp. 653 (S.D.N.Y. 1965), where the plaintiffs alleged that their song "SUPERCALAFAJALISTICKESPEEALADOJUS" had been infringed by the defendants' song "SUPERCALIFRAGILISTICEXPIALIDOCIOUS" (although there was some evidence that "the word" was a tongue-twister known to the public before publication of the plaintiffs' song). The South African Supreme Court, having considered the "Exxon" case, also came to the conclusion that copyright could not subsist in the invented and therefore meaningless word "Le Pacer" normally used in the form of a logo. *See* Kinnor (Pty.), Ltd. v. Finkel T/A Harfin Agencies, noted at [1990] ENT. L. REV. E-84. *But see also* Proctor & Gamble Pharms. Canada v. Novopharm, 68 C.P.R. (3d) 461 (Fed. T.D. 1996) (holding that it was arguable that copyright could subsist in the (comparatively complex) "product monograph" of the drug "ASACOL").

[14] Carroll here explained the etymology of his neologism: wocer (Anglo-Saxon for off-spring or fruit), and jabber (excited and voluble discussion). "Jabberwock" thus means "the result of much excited discussion." Letter (Feb. 6, 1888), *in* 2 THE LETTERS OF LEWIS CARROLL 695 (Morton N. Cohen ed., 1979).

[15] INDEPENDENT, Feb. 13, 2000.

[16] Mirage Studios v. Counter-Feat Clothing Co., Ltd., [1991] F.S.R. 145, 154 (Ch.) (Graham, J.). *See also* Walton, J.'s, comment when refusing to enjoin the defendant's use of "Wombles" on skips: "It may be a defect in the law that, having invented the characters known as the 'Wombles,' the authoress has not a complete monopoly of the use of that invented word . . . but such is the law." Wombles, Ltd. v. Womble Skips, Ltd., [1977] R.P.C. 99, 102 (Ch.).

In general there will be no copyright in the title of a book or other copyright work, though, even if this is a name. The argument is usually that combining ordinary words to form a title does not amount to a literary work.[17] Although the title will usually form part of the copyright work which it heads, taking the title will be most unlikely to amount to the taking of the "substantial part" of the work required for infringement.[18] As a result, disputes over the use of titles to books, magazines, newspapers, etc. are now usually dealt with by way of an action for passing off. During the nineteenth century, the re-use of titles caused a good deal of irritation, and

[17] In the context of rival magazine titles registered under the 1842 Copyright Act, Cairns, L.J., considered the issue of copyright in the single word "Belgravia." He observed "that if it were necessary to decide the point, it must be held that there cannot be what is termed copyright in a single word, although the word should be used as a fitting title for a book. The copyright contemplated by the Act must be not in a single word, but in some words in the shape of a volume, or part of a volume, by which the public are benefited, and in return for which a certain protection is given to the author of the work." Maxwell v. Hogg, [1866–67] L.R. 2 Ch. App. 307, 317 [1866–67]. This dictum was considered in *Weldon v. Dicks*, L.R. 10 Ch. D. 247 (1878–79), a case involving two quite different novels, unwittingly published under the same title, "Trial and Triumph." Malins, V.C., distinguished *Maxwell* (as essentially a trademark case, and on its facts about a *projected* magazine, which decided that there was no property to protect until actual publication), considering that "the title of the book is part of the book . . . and is as much the subject of copyright as the book itself." The question of how much could be taken was at that time entirely a matter for case law, and no consistent notion of "substantial taking" had developed. It was enough for infringement in *Weldon* that "the title of a book is a material part of the book, it is a valuable part of it." *Id.* at 263. The Court of Appeal considered the matter in *Dicks v. Yates*, L.R. 18 Ch. D. 76 (1880–81). Its unanimous finding (effectively overruling *Weldon*) was that there was no copyright in the title "Splendid Misery" as it was not "original" but "a hackneyed phrase." The possibility of copyright in "a whole page of title" was not ruled out, however. The Privy Council endorsed this approach in *Francis Day & Hunter, Ltd. v. Twentieth Century Fox Corp.*, [1940] App. Cas. 112, 123 (P.C.), stating that "in general a title is not by itself a proper subject-matter of copyright. As a rule a title does not involve literary composition, and is not sufficiently substantial to justify a claim to protection." *See also* Rose v. Info. Servs., Ltd., [1987] F.S.R. 254 (Ch.), where the words "The Lawyer's Diary 1986" were held to be a simple description of the product to which they were affixed, and not "a literary work of originality which qualifies for copyright protection."

[18] Francis Day & Hunter, Ltd. v. Twentieth Century Fox Corp., [1940] App. Cas. 112; Ladbroke (Football), Ltd. v. William Hill (Football), Ltd., [1964] 1 W.L.R. 273 (H.L). In *Ladbroke*, Lord Hodson rejected the proposition that copyright could not subsist in titles as a matter of law, though, "No doubt they will not as a rule be protected, since alone they would not be regarded as a sufficiently substantial part of the book or other copyright document to justify the preventing of copying by others." *Id.* at 286.

there were repeated calls from aggrieved authors for a register of titles, although maintaining and searching any such catalogue in a non-digital age would have been arduous, to put it mildly.[19] The Society of Authors for a time advocated legal protection of titles, but faced with the task of drafting a clause concluded that it was "too difficult a question to handle."[20] The Motion Picture Association of America currently maintains a register of film titles, dating from 1925. Although it does not have force of law, industry practice accords it considerable status.[21] The United States Copyright Office continues to refuse to register names and titles as copyright works, and the courts have in general adopted a similar approach.[22]

Apart from names, many of the other characteristics which serve to identify the figure will be likewise regarded as unsuitable matter for copyright protection. However, images will often be copyright works, and use of these may be controlled. The dispute concerning the immensely popular *Popeye* cartoons is illustrative.[23] The plaintiffs owned the sketches for the thousands of comic strips, and had licensed limited reproductions of the "Popeye" figure, in the form of brooches and dolls. The defendants had imported large quantities of unauthorised brooches and dolls. The House of Lords held, although not without some difficulty, that both the brooches and dolls were infringements of one particular drawing from one particular comic strip.[24] In principle it made no difference that the articles

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19 In 1875, the publishers' trade magazine called for "distinct registration of the full title . . . so that a full catalogue *raisonné*, or at least such a one as is found at the British Museum Library, can be compiled and be easily attainable." PUBLISHERS' CIRCULAR, May 15, 1874. A legal register having been despaired of, there was subsequently a suggestion that the Society of Authors should keep one. 12 THE AUTHOR 167-70 (Apr. 1902).

20 G.H. Thring, *Recent Attempts at Copyright Legislation*, 63 FORT. REV. 461, 464 (1898).

21 When Warner Brothers (defending the Bogart/Bergman *Casablanca*) threatened the Marx Brothers with legal action if they used the film title "A Night in Casablanca," three letters from Groucho questioning the Warners' right to the names "Jack," "Harry" and "Brothers" persuaded the legal department to drop the matter. GROUCHO MARX, THE GROUCHO LETTERS 15-19 (1995).

22 37 C.F.R. § 202.1(a) (2002); UNITED STATES COPYRIGHT OFFICE, INFORMATION CIRCULAR 34 (2000). "A copyright of a play does not carry with it the exclusive right to the use of a title." Warner Bros. Pictures v. Majestic Pictures Corp., 70 F.2d 310, 311 (2d Cir. 1934). "The title to a literary or musical composition is not protectible by copyright." Tomlin v. Walt Disney Prods., 96 Cal. Rptr. 118, 120 (Cal. Ct. App. 1971). A title may, however, acquire a secondary meaning, and found a cause of action for unfair competition.

23 King Features Syndicate v. Kleeman (O. & M.), Ltd., [1941] App. Cas. 417.

24 At first instance it was held that the dolls and brooches both infringed. The majority of the Court of Appeal agreed as to the dolls, but not as to the

had been copied from the licensee's products and not directly from the drawings themselves: indirect copying is also an infringement. Nevertheless, there may be considerable difficulty in proving copying where the image has undergone several transformations, as this case shows. Note that two members of the Whitford Committee felt that if the salient features of a character such as Popeye were reproduced then there should be a possibility of an action for infringement without having to identify any particular artistic representation as having been copied. However, the Committee as a whole was not persuaded of the need for a "character right" under copyright law.[25]

Part of the judicial reluctance to find copying on facts such as those in the "Popeye" case — at least in England — stems from the view that copyright law should properly be used only to prevent copying of copyright works, and not to protect ideas as such. Lord Wright addressed this point directly:

> The test to be applied is purely visual, the sketch and the brooch being compared *oculis subjecta fidelibus*. It is not material that the respondents were stealing the idea of "Popeye, the Sailor," or availing themselves for commercial profit of the popularity acquired by that figure. The appellants' copyright is in the actual sketch, not in the idea. There would be no infringement if the respondents had independently produced a similar figure without copying the sketch directly or indirectly.[26]

Yet although the "theft" of the idea and the destination of commercial profit are not material for the purposes of copyright law, they are in reality of great import to both parties, and will normally supply the primary motive for the action.[27] The underlying complaint is often that harm

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brooches (being unable to find sufficient resemblance to the drawing). Viscount Maugham concluded that the brooches infringed the drawing, but "not without some hesitation." *Id.* at 424. Lord Russell considered that the brooches had reproduced a number of "salient features" of the drawing, which amounted to a "substantial part" for the purposes of the statute. *Id.* at 432. Lord Wright found substantial similarity, sufficient to raise a *prima facie* case of actual copying, which in the absence of any evidence given in rebuttal was conclusive. *Id.* at 436. Lord Romer likewise observed that the inference as to copying which he had drawn might have been displaced by oral evidence. *Id.* at 445. Lord Porter thought that the resemblance was "sufficient," because it repeated the "salient features." *Id.* at 447. Such levels of uncertainty render the outcome of any copyright action on similar facts disquietingly unpredictable for the parties.

25 Cmnd. 6732, 1977, para. 909.

26 *King Features Syndicate*, [1941] App. Cas. at 435.

27 At first instance, Simonds, J., held that the defendant's articles "clearly" reproduced the plaintiff's copyright work or a substantial part of it. He thus

is being done to the claimant's ability to control and exploit the public image of the character, and English copyright law has remained comparatively unsympathetic to these complaints. The tort of passing off is on the whole a far more effective tool in such circumstances, particularly so if the person aggrieved is not the copyright holder.[28]

America's approach to character protection stems from a similar position, in that there has always been a reluctance to protect ideas per se. However, it has proved enormously difficult for the courts to define a helpful boundary with expression. *Nichols v. Universal Pictures Corporation*, a case concerned with the similarities of two plays, is often cited as a foundation authority. Judge Learned Hand considered the difficulty of assessing infringement when a plagiarist took an abstract of the whole rather than a block of text, emphasising that a playwright could not prevent the use of ideas. However, he was also clear that taking of either plot or character could infringe, at least in principle:

> we do not doubt that two plays may correspond in plot closely enough for infringement. How far that correspondence must go is another matter. Nor need we hold that the same may not be true as to the characters, quite independently of the "plot" proper, though, as far as we know such a case has never arisen. If Twelfth Night were copyrighted, it is quite possible that a second

stated and answered the correct question, but in elaborating his answer he drew perilously close to describing protection of the character per se, and not (as required) of a specific copyright work: "In the present case the characteristic peculiarities which persist through scores of drawings of 'Popeye' are repeated in the brooches, toys, and dolls. These articles recall, as they are meant to recall, to the mind of the public the familiar figure which they have so often seen in the newspaper comic strips. They are called 'Popeye' brooches or toys or dolls just in order to attract the attention of a friendly clientèle. It cannot be doubted that here is the essential 'Popeye' greeting his admirers in a new material form." King Features Syndicate v. Kleeman (O. & M.), Ltd., [1940] Ch. 523, 533. *See also* BBC Worldwide, Ltd. v. Pally Screen Printing, Ltd., [1998] F.S.R. 665 (Ch.), where the "Teletubbies" suffered similar indignities.

28 *See, e.g.*, Mirage Studios v. Counter-Feat Clothing Co., Ltd., [1991] F.S.R. 145 (Ch.). The defendant was attempting to cash in on the craze for the "Teenage Mutant Ninja Turtles" by selling clothing carrying separately commissioned turtle designs. Although these designs featured humanoid turtles, they were by no means identical copies of the plaintiffs' drawings. In interlocutory proceedings the judge observed that "what [the designer] has done is to copy the concept of the Ninja turtle rather than the actual lines of the drawings themselves." *Id.* at 151. He considered it to be "a very open question" whether this permitted a claim in copyright, but thought it certainly arguable. *Id.* at 154. On these facts the elements of the passing off action were far easier to establish than those of the copyright claim, and an injunction was granted on this basis.

> comer might so closely imitate Sir Toby Belch or Malvolio as to infringe, but it would not be enough that for one of his characters he cast a riotous knight who kept wassail to the discomfort of the household, or a vain and foppish steward who became amorous of his mistress. These would be no more than Shakespeare's "ideas" in the play, as little capable of monopoly as Einstein's Doctrine of relativity, or Darwin's theory of the Origin of the Species. It follows that the less developed the characters, the less they can be copyrighted; that is the penalty an author must bear for marking them too indistinctly.[29]

This authority was used to justify protection for both "Tarzan" and "Hopalong Cassidy." Each of these characters was originally drawn in a series of books, and later appeared in movies. The Hopalong Cassidy movies were based directly on the books, using the same titles, character names and development, setting, incidents and details. The storylines of some of the movies were held to be substantially similar to the books on which they were based, but in other cases they were not. The court concluded that four of the characters were sufficiently well delineated and developed to merit copyright protection "irrespective and independent of the similarity of the storylines."[30] Similarly, "Tarzan" was readily held sufficiently delineated to be copyrightable.[31] Both of these cases arose as a result of disputes between the copyright holder and licensees, and concerned the continuing exploitation of a body of works after the death of the author. The question is still, essentially, whether what the defendant has taken from these works is to be categorised as expression rather than idea.

Much will depend on the terms of the agreements in such cases. The Ninth Circuit held that Dashiell Hammett could continue to use (and licence others to use) his own "Sam Spade" character, although he had assigned the rights in his story *The Maltese Falcon* to Warner Brothers. Warner Brothers argued that under the terms of the assignment it had acquired not only the use of the story, including its title (which was specifically mentioned) but also the individual characters and their names (which were not). The court considered that these rights were not within the rights granted, and observed that even if the whole copyright had been assigned the rights claimed would not have been part of the statutory protection:

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[29] Nichols v. Universal Pictures Corp., 45 F.2d 119, 121 (2d Cir. 1930).

[30] Filmvideo Releasing Corp. v. Hastings, 509 F. Supp. 60 (S.D.N.Y.), *aff'd*, 668 F.2d 91 (2d Cir. 1981). Note that the movies had fallen into the public domain, and that the effect of the decision was that legal prints of these could not be shown without a licence from the holder of the book copyright.

[31] Burroughs v. Metro-Goldwyn-Mayer, Inc., 519 F. Supp 388 (S.D.N.Y. 1931).

> If Congress had intended that the sale of the right to publish a copyrighted story would foreclose the author's use of its characters in subsequent works for the life of the copyright, it would seem Congress would have made specific provision therefore. Authors work for the love of their art no more than other professional people work in other lines of work for the love of it. There is the financial motive as well. The characters of an author's imagination and the art of his descriptive talent, like a painter's or like a person with his penmanship, are always limited and always fall into limited patterns. The restriction argued for is unreasonable, and would effect the very opposite of the statute's purpose which is to encourage the production of the arts.[32]

Thus, in the context of an attempt to prevent a living author from using his own characters, the court distinguished between works where "the character really constitutes the story being told" and those where the character "is only the chessman in the game of telling the story" (as Sam Spade in *The Maltese Falcon* was held to be) and therefore not within the protection of copyright. Warner Brothers were in effect arguing that the copyright in a work included a freestanding protection for characters, which would allow the right holder to control their exploitation beyond the boundary of that work's expression, and the court did not accept this. The Ninth Circuit's test has proved controversial, because it appears to be far more restrictive than the test in *Nichols*. It has not been followed by all circuits, nor has it been adopted in Canada.[33]

Nevertheless, this line of case law was subsequently used to justify injunctive relief, on grounds of copyright infringement, against the seller of unauthorised "E.T." merchandise. The court considered that E.T. was

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[32] Warner Brothers Pictures v. Columbia Broad. Sys., 216 F.2d 945, 950 (9th Cir. 1954). Judge Stevens cites O.W. Holmes' *The Autocrat of the Breakfast Table* in support: "He must be a poor creature that does not often repeat himself . . . . I shall never repeat a conversation, but an idea, often. I shall use the same types when I like, but not commonly the same stereotypes. A thought is often original though you have uttered it a hundred times. It has come to you over a new route, by a new and express train of associations."

[33] The Ninth Circuit itself has not always seemed to follow the "Sam Spade" decision, or at least has interpreted it with some freedom. The case was distinguished in *Walt Disney Productions v. The Air Pirates*, 581 F.2d 751 (9th Cir. 1978), which was concerned with comic book characters and not literary characters. How far the *Air Pirates* decision also undermines the "story being told" test for literary characters is a matter for debate. *See* Olson v. Nat'l Broad. Co., Inc., 855 F.2d 1446 (9th Cir. 1988) Anderson v. Stallone, 1989 Copyr. L. Dec. ¶ 26,427 (C.D. Cal. 1989). For the Canadian approach adopting the *Nichols* test, see Preston v. 20th Century Fox Canada, Ltd., 33 C.P.R. (3d) 242 (Fed. T.D. 1990), *aff'd*, 53 C.P.R. (3d) 407 (Fed. Ct. 1993).

"more than a mere vehicle for telling the story" and that the character "actually constitutes the story being told."[34] However, the court also thought it likely that the plaintiffs would prevail on the merits of their Lanham Act, trademark, and unfair competition claims: these claims would seem to have been the most appropriate for the complaint. In such circumstances the efforts to protect the character within copyright, and to find copyright infringement by taking of the line "E.T. phone home!!" from the dialogue, seem unconvincing and unnecessarily contrived.[35] Although the film developed the character of E.T. in considerable detail, it is hard to see how use of the phrase "I love E.T." on a mug represents the significant taking of expression rather than idea. Nevertheless, since a film will portray characters in a graphic manner rather than by way of words, this may have the effect of "fixing" the expression of a character in a way which allows copyright to bite more readily than in the literary medium. Cartoon characters, which are inevitably based on drawings providing visual expressions of them, have repeatedly been held to be copyrightable. The American cartoon cases reveal a willingness to consider not only the visual image, but also the character's abilities, personality and other traits, in so far as these are blended into copyright material.[36]

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[34] Universal City Studios, Inc. v. Kamar Indus., Inc., 217 U.S.P.Q.2d 1162 (S.D. Tex. 1982). Compare the attitude to the sale of "Star Team" toys, regarded as "tapping in" to the "Star Wars" theme rather than copying the characters. Ideal Toy Corp. v. Kenner Prods. Div. of General Mills Fun Group, Inc., 443 F. Supp. 291 (S.D.N.Y. 1977).

[35] *Compare* Murray Hill Publ'ns, Inc. v. ABC Communications, Inc., 264 F.3d 622 (6th Cir. 2001), where the court distinguished this decision, concluding that a single insignificant line from a movie was not worthy of copyright protection.

[36] *See* Detective Comics, Inc. v. Bruns Publ'ns, Inc., 111 F.2d 432 (2d Cir. 1940), where a "Wonderman" who was barely distinguishable from "Superman" (except in colour) infringed: "We think it plain that the defendants have used more than general types and ideas and have appropriated the pictorial and literary details embodied in the complainant's copyrights . . . . So far as the pictorial representations and verbal descriptions of 'Superman' are not a mere delineation of a benevolent Hercules, but embody an arrangement of incidents and literary expressions original with the author, they are proper subjects of copyright." *Id.* at 433. *Compare* Warner Bros., Inc. v. Am. Broad. Cos., Inc., 720 F.2d 231, 243 (2d Cir. 1983), where Superman was not infringed by the main character in the TV series *The Greatest American Hero* ("The total perception of the Hinkley character is not substantially similar to Superman. On the contrary, it is profoundly different."). *See also* Walt Disney Prods. v. Air Pirates, 581 F.2d 751 (9th Cir. 1978), and the cases cited there (*id.* at 754). *Compare* King Features Syndicate v. Fleischer, 299 F. 533 (2d Cir. 1924) and Fleischer v. Freundlich, 73 F.2d 276 (2d Cir. 1934), where the nature of the alleged infringement (dolls based on cartoon characters) ensured that the focus was on the image.

More recently, there have been cases where the American courts have been prepared to use copyright to protect characters whose personality traits have developed in the course of a number of works. A preliminary injunction was granted to restrain use of a "James Bond" character in a television advertisement for cars, based on his depiction in sixteen films.[37] Similarly, "Godzilla" was found to be a "well-defined character with highly delineated consistent traits," in which copyright could subsist apart from any single film.[38] Both cases relied on visual depictions of the characters in question. Some doubt has arisen with regard to literary depictions of characters, as a result of the "Sam Spade" test (character "constitutes the story being told"), which seemed to demand a high level of distinctiveness before a character could become protected expression rather than unprotected idea. In the *Air Pirates* case, (concerning various Disney cartoon characters) the Ninth Circuit noted the history of protection for comic strip characters, and suggested the addition of visual images to a character made it more likely to contain unique elements of expression. It thus appeared to distinguish the "Sam Spade" approach, at least in the way it was likely to apply to comic book characters. Subsequent cases have acknowledged uncertainty, and for safety some courts have chosen to apply both the "Sam Spade" test and the test of sufficient delineation based on *Nichols* — simultaneously.[39]

In the United Kingdom, there are a number of statutory moral rights which could in theory be used to prevent unwelcome exploitation of works and their characters, but these are not nearly so developed as their counterparts in some of the continental legal systems. False attribution of authorship is specifically addressed: a person has the right not to have a literary, dramatic, musical or artistic work falsely attributed to him as author.[40] The right covers adaptations of a literary, dramatic or musical work, and copies of an artistic work, where the adaptations are falsely attributed to the author. There is no requirement that the work concerned should itself be the subject of copyright. Although often on the facts of a

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[37] Metro-Goldwyn-Mayer, Inc. v. Am. Honda Motor Co., Inc., 900 F. Supp. 1287 (C.D. Cal. 1995). *Compare* United Artists Corp. v. Ford Motor Co., 483 F. Supp. 89 (S.D.N.Y. 1980), where it was held that an animated feline used in a car commercial did not copy the "Pink Panther" movie character.

[38] Toho v. William Morrow & Co., Inc., 33 F. Supp. 2d 1206, 1216 (C.D. Cal. 1998).

[39] *See* Olson v. Nat'l Broad. Co., Inc., 855 F.2d 1446 (9th Cir. 1988), where the characters in question were insufficiently clearly drawn for protection under either test. *See also* Rice v. Fox Broad. Co., 148 F. Supp. 2d 1029 (C.D. Cal. 2001). *Compare* Anderson v. Stallone, 1989 Copyr. L. Dec. ¶ 26,427 (C.D. Cal. 1989), where the "Rocky" characters were entitled to protection under both standards.

[40] CDPA § 84. The same right covers the director of a film.

false attribution claim a passing-off action may lie also, the statutory protection differs somewhat in scope from that offered by passing-off. Those seeking to rely on the moral right need not show an established reputation, and there is no need to prove damage.[41] However, the statutory right is available only to the person who has been wrongly described as the author, and is limited in duration to that person's life plus twenty years. The right of integrity might also be relevant where works or their characters are reused without consent. It grants the right not to have works subjected to derogatory treatment.[42] Treatment of a work is "derogatory" if it amounts to distortion or mutilation of it, or is otherwise prejudicial to the honour or reputation of the author. However, there are few cases which consider the provision, and those which have been brought indicate that the English courts will be reluctant to interpret it expansively.[43]

III. PASSING OFF — CAN IT BE USED TO PREVENT UNWANTED EXPLOITATION OF CHARACTERS?

In some circumstances, the tort of passing off can be used to prevent others from using an author's characters, but this is by no means always the case. The tort requires the claimant to show that goodwill attaches to goods or services which he supplies, and that the defendant's misrepresentation will lead the public to believe that the defendant's goods or services are the claimant's, resulting in damage to the claimant. The matter is simple enough if an author's name is used on work which is not his own. Lord Byron, whose marital troubles had driven him abroad, was enraged to discover a volume of poems falsely attributed to him, writing to his publisher, John Murray:

> if it can be disavowed — or is worth disavowing you have full authority to do so. I never wrote or conceived a line of anything of the kind — . . . as to the "Lily of France" I should as soon think of celebrating a turnip.— On the "morning of my Daughter's birth" I had other things to think of than verses — and should never have dreamed of such an invention — till Mr. Johnston and his pamphlet's advertisement broke in upon me with a new light on the Crafts and subtilties of the Demon of printing — or rather publishing.

Significantly, Byron's fury is directed at the misrepresentation rather than any likely financial injury. On the defendant's declining to swear as to his belief that the poems in question were actually the work of Lord Byron, an

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41 Alan Clark v. Associated Newspapers, Ltd., [1998] R.P.C. 261, 269 (Ch.).

42 CDPA § 80. Again, films are covered.

43 Tidy v. Trustees of the Natural History Museum, 39 I.P.R. 501 (Ch. 1998); Pasterfield v. Denham, [1999] F.S.R. 168 (Plymouth County Ct.).

injunction was granted restraining publication.[44] The same remedy may also be obtained where an author's work is altered or revised without consent, and then exploited under the author's name. The old cases focus on injury to reputation, and defamation may well be argued also.[45]

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[44] Letter from Lord Byron to John Murray (July 22, 1816), *in* BYRON'S LETTERS AND JOURNALS (Leslie A. Marchand ed., 1976). The case is reported as *Lord Byron v. Johnston*, 2 Mer. 29 (1816). *See also* Ridge v. The English Illustrated Magazine, [1911–16] Mac. C.C. 91 (K.B.). William Pett Ridge was a former railway clerk who became a prolific and popular novelist. He sued the magazine for publishing a story under his name. Although submitted under Ridge's name, the story had been written by a grocer's assistant from Bournemouth, and was a very inferior imitation of Ridge's style. Darling, J. directed the jury that they might find for the plaintiff on the ground of passing off or libel, and the jury found for Ridge with £150 damages. A more recent and less clear-cut case is *Clark v. Associated Newspapers, Ltd.*, [1998] R.P.C. 261 (Ch.), where a series of newspaper articles parodying the famous diaries of Alan Clark (Conservative politician and former cabinet minister) was held on the facts to be passing off and false attribution. The passing off action is available not only to the author, but potentially to anyone whose business involves exploitation of the author's work. *See* Wood v. Butterworth, [1901–04] Mac. C.C. 16 (Ch.).

[45] Archbold v. Sweet, 5 Car. & P. 219, 1 M. & Rob. 162, 174 Eng. Rep. 55 (N.P. 1832). Here the plaintiff had written the first two editions of *A Summary of the Law Relative to Pleading and Evidence in Criminal Cases*, and then sold the copyright to the defendant. When the plaintiff refused to be involved in a third edition, the text was revised "in a slovenly and ignorant manner" by another, who refused to be named in the publication. The new title page did not specifically attribute the third edition to the plaintiff, but the plaintiff's name appeared several times in relation to the previous editions, and the new matter was not disclaimed. Lord Tenterden, C.J., likened the situation to those in cases where a commodity (perfume, fish sauce) had been sold by a person claiming it to be manufactured by the plaintiff: "There, the injury was the deteriorating of the credit of the Plaintiff's commodity; and here, it is the injury to the reputation of an author." He found as a matter of law that the errors would be injurious to the plaintiff's reputation, and the jury found that those buying the new edition would believe it to be the plaintiff's work. Although Lord Tenterden's approach aligns the case with those which form the basis of the modern passing off action, there are obvious affinities with the tort of defamation. In *Humphreys v. Thomson & Co., Ltd.*, [1905–10] Mac. C.C. 148 (K.B.), significant omissions, additions and alterations were made to a work by the famous romantic novelist "Rita" (ostensibly to fit it for serial publication). In his summing up the judge said that he doubted whether such editing amounted to passing off, although he put questions concerning both passing off and libel to the jury. Thus directed the jury found that the defendant's activities did not amount to passing off but were damaging to the plaintiff's reputation, and she recovered substantial damages. Passing off could certainly be argued on such facts today. In addition, the moral right to object to derogatory treatment of a work would also be relevant. CDPA § 80. Defamation was again argued successfully in *Moseley v. Stanley Paul & Co.*, [1917–23] Mac. C.C. 341 (Ch.), where the

Different considerations apply when a work results in sequels, or derivative works in other media. The fictional characters and associated settings may thereby become marketable as a separate property, and are capable of forming part of the goodwill attaching to a business which exploits them. There is no right in the character or setting as such, only in the goodwill. In *Shaw Brothers (Hong Kong) v. Golden Harvest (H.K.), Ltd.*, the plaintiffs contended that they had established a right of property in the name and character of their fictional film character "The One Armed Swordsman." Jimmy Wang Yu, the renowned actor who had played the part in several films, had broken his contract with Shaw Brothers and had started to work with Golden Harvest. The defendants argued that the case could not be brought within passing-off, because there could be no right of property in a fictional character. Although there was no reported English authority supporting the existence of such a right, Huggins, J., considered the American cases where the tort of unlawful competition had been found to arise from the use of a fictional character.[46] He concluded that these cases did show that a property could be acquired in a fictional character, although he stressed that he would have reached the same conclusion as to what equity would protect without their assistance. It had been conceded that if an author could claim goodwill in a fictional character then a film producer licensed to use the story creating the character could also build up goodwill.[47] A line has to be drawn in such cases between the use of a distinct and identifiable fictional character (such as the one-armed swordsman), and the use of stock characters and themes which cannot form part of goodwill.

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plaintiff objected to the dust jacket in which the defendant was proposing to sell his book. The judge said that it was impossible to describe in too strong terms the offensiveness and vulgarity of the cover, and granted an injunction restraining publication pending trial.

[46] [1972] R.P.C. 559 (Hong Kong Full Ct.). Counsel for the defendants argued that the American cases had no persuasive authority because it was unclear whether the American tort of unfair competition was identical to the tort of passing off. Huggins, J., noted that the American courts used English cases and vice versa. He concluded that the decisions in the American cases involving use of a fictional character were "good sense," and that there was nothing in the English cases inconsistent with the reasoning of the American courts. Four American cases were considered: *Chaplin v. Amador*, 269 P. 544 (Cal. Ct. App. 1928); *Patten v. Superior Talking Pictures, Inc.*, 8 F. Supp. 196 (S.D.N.Y. 1934); *Lone Ranger, Inc. v. Cox*, 124 F.2d 650 (4th Cir. 1942); *Lone Ranger v. Currey*, 79 F. Supp. 190 (M.D. Pa. 1948).

[47] At the trial the jury found in favour of the defendants (presumably as an expression of admiration for the actor), but on appeal by the plaintiffs to the Supreme Court of Hong Kong the verdict of the jury was set aside as perverse and judgments entered for the plaintiffs.

Shaw Brothers is consistent with a previous English case refusing to protect a fictional character as such. Conan Doyle's executors had sought to restrain *The London Mystery Magazine* when it adopted 221B Baker Street as its nominal address, and referred to "our great predecessor" Sherlock Holmes in an introductory editorial to its collection of detective stories.[48] Wynn-Parry J., chose not to read *in extenso* the series of verses entitled "Hedunit" which followed the editorial, and refused to construe them as amounting to a representation that the stories would contain "Sherlock Holmes" as the leading character (as the plaintiff had argued). There was no right of property except the goodwill in the existing "Sherlock Holmes" stories themselves. There was nothing to suggest to a purchaser of the magazine that it would contain one of these particular stories, merely that it contained detective or mystery stories. The goodwill was therefore not impinged upon, and interlocutory relief was refused. Although the stories were still in copyright, this was not relied upon, presumably because passing-off was thought to be the cause of action most likely to result in the relief sought.

In the United States, a common law tort of unfair competition has developed. Its roots, like those of passing off, lie in the tort of deceit, although it is potentially a much wider doctrine than either of these torts. In addition, the federal Lanham Act prohibits certain forms of unfair competition and misleading advertising.[49] The cases discussed in *Shaw Brothers* illustrate the way in which unfair competition rules may be applied to characters. In one early case, the defendant Amador featured in films dressed as "Charlie Chaplin," under the name of "Charlie Aplin." The trial judge found that the defendants planned the imitation intending to deceive the public into believing that Amador (posing as "Aplin") was "Chaplin," securing patronage which they would not otherwise have obtained, and depriving the plaintiff of it. An injunction enjoining the defendants from imitating the plaintiff in a way which deceived and

[48] Conan Doyle v. London Mystery Magazine, Ltd., 66 R.P.C. 312 (Ch. 1949).

[49] 15 U.S.C. § 1125(a)(1) (2000) (as amended by the Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935):

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which . . . is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

defrauded the public was upheld on appeal.[50] *Patten v. Superior Talking Pictures, Inc.* involved the tremendously popular fictional character "Frank Merriwell," who featured in over a thousand copyright stories of wholesome American life. The defendant advertised the release of several films which used the "Frank Merriwell" name, but did not take any of the plaintiff's stories. It was held that the copyrights did not extend to the titles of the stories, but the defendant was enjoined from using the name "which has become descriptive, and is closely identified in the public mind with the work of a particular author" so as to mislead. The finding was based on the law of unfair competition, not copyright, and was stated to be potentially applicable even after the expiry of the copyright.[51] Two cases concerned the copyrighted "Lone Ranger" stories, featuring the eponymous cowboy hero. These were broadcast over radio, and the name had been extensively licensed. In one case, the actor who had played the part in a movie (licensed by the plaintiff) appeared in the defendant's circus in the same role. Newspaper adverts addressed to children emphasised that the original "Lone Ranger" was appearing in person at the circus. The court found that the defendant was attempting to pass off the circus as being identified with the plaintiff's radio shows, and the plaintiff was entitled to relief under the principles of unfair competition.[52] In the second case, the defendant made his living as a stunt rider in rodeos, imitating the dress and style of the "Lone Ranger," though calling himself the "Lone Star Ranger," or the "Lone * Ranger." Again, these were held to be acts of unfair competition, and a permanent injunction was granted.[53]

In English law, in some circumstances, a name forming part of a title may be protected by passing off doctrine — although showing that there has been any misrepresentation may well be a hurdle. The title must be (or have become) distinctive.[54] Where a series of books has been published by

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[50] *Chaplin*, 269 P. 544.

[51] Patten v. Superior Talking Pictures, 8 F. Supp. 196, 197 (S.D.N.Y. 1934).

[52] Lone Ranger v. Cox, 124 F.2d 650 (4th Cir. 1942).

[53] Lone Ranger v. Currey, 79 F. Supp. 190 (M.D. Pa. 1948). But compare the refusal to protect the "Paladin" character, and the doubts expressed as to the wisdom of extending character protection too far, in *Columbia Broadcasting System, Inc. v. DeCosta*, 377 F.2d 315, 317 (1st Cir. 1967), where the court refused to "allow a hard case to make intolerably bad law."

[54] *See, e.g.*, W.H. Allen & Co. v. Brown Watson, Ltd., [1965] R.P.C. 191 (Ch.), which concerned Frank Harris' memoirs. Originally considered too racy to publish in full, an abridged version had been sold under the title "Frank Harris: My Life and Adventures." Some years later, the plaintiffs were about to publish an unexpurgated edition under the title "My Life and Loves," and there had been considerable pre-publication publicity. The defendants acquired the rights to the abridged version, and sought to issue it under the title "Frank Harris: My Life and Loves." The plaintiffs were held to have acquired a distinctive reputation in their title, even though it was

the claimant under a common title, purchasers may be misled into thinking that the defendant's book of the same title is a further work of the claimant's. In *Games Workshop, Ltd. v. Transworld Publishers, Ltd.* the plaintiffs had published a series of "Dark Future" novels as a spin-off from their famous "Dark Future" game. The defendant was restrained from selling two similarly-presented novels which used "Dark Future" in their titles.[55] Similarly, a work which has been updated and published in several editions may acquire a distinctive reputation, and may be infringed by use of its title on another's work.[56]

There is no requirement that the work complained of be in the same medium as the claimant's work. If the public is likely to connect the two works, the presentation of the defendant's work may amount to a misrepresentation that it is a spin-off from the original work. In *Samuelson v. Producers' Distributing Company, Ltd.*, a comic sketch about a car, written by the plaintiff, had achieved considerable fame following its successful reception at a Royal Command Performance. The defendants made a "talkie" using the same principal actor, in a sketch which was admittedly different from the original sketch, but which did feature a car. There was no breach of copyright, but the defendant's advertising was such as to imply that it was the film version of the original sketch, and this was restrained as amounting to passing off. It made no difference that the plaintiff had not made a film of his own, because the copyright in the sketch included the exclusive right to reproduce it as a film.[57] Much will

descriptive, and the defendant's conduct was described as calculated to deceive.

55 [1993] F.S.R. 705 (Eng. C.A.). *Compare* though the refusal to authorise the literary enclosure of the phrase "The Pet Library," where the defendant's books were sold under the legend "Ellson's Pet Library." *See* The Pet Library (London), Ltd. v. Walter Ellson & Son, Ltd., [1968] F.S.R. 359 (Ch.). *See also* Lutz v. De Laurentiis, 260 Cal. Rptr. 106 (Cal. Ct. App. 1989) (dispute over the sequel to the film *The Amityville Horror* (an unfair competition action)).

56 A misrepresentation must be shown. *See* Metzler v. Wood, L.R. 8 Ch. D. 606 (1878), where the plaintiffs published the popular work Hemy's *Royal Modern Tutor for the Pianoforte*. The Defendant bought the rights to Jousse's *Royal Standard Pianoforte Tutor*, which had been obsolete for decades, and paid Hemy to revise it. The title page of the revised Jousse featured Hemy's name in such large type that the Court of Appeal upheld Malins, V.C.'s, finding that the title was calculated to deceive. *Compare* Seeley v. Fisher, 11 Sim. 581 (1841), where on the facts there was no deception in advertising the fourth edition of Rev. Thomas Scott's *Commentary* as "printed from the last which the author published in the vigour of life" when a revised fifth edition was about to appear.

57 Samuelson v. Producers' Distrib. Co., Ltd., [1932] 1 Ch. 201. There was no reported case on the point, and two American authorities were considered at first instance. *See* Klaw v. General Film Co., 154 N.Y.S. 988 (App. Div.

depend on the current resonance of the title, and on the circumstances in which it is used.[58] More recently, the makers of two films featuring the character "Alvin Purple" were held to have goodwill in them, such that the screening of a television series called "Alvin" with the same actor would amount to a deception. On the particular facts, however, the film producers were denied an injunction halting the series, on the grounds of estoppel.[59] But the proprietors of the goodwill in the title "Miss World" could not halt the showing of an X-rated film, *The Alternative Miss World*, featuring an exuberant satirical skit of the familiar beauty contest. Lord

1915); Manners v. Triangle Film Co., 247 F. 301 (2d Cir. 1917). Both these cases held that if a play had an established reputation under a particular title, the use of the same title for a film could be restrained, even though the subject matter was quite different. Comparison of these cases shows that the facts will be crucial, however. In *Klaw*, the play *A Fool There Was* had been produced successfully throughout America for four years, as the defendants well knew when they used the title for their moving picture play: a permanent injunction was awarded. In *Manners*, the plaintiff was attempting to rely on seven matinee performances in a New York theatre of the play *Happiness*, to enjoin the defendants' use of this title for a film produced three years subsequently without knowledge of the play. The defendants had spent $50,000 on their production. Although an injunction was granted at first instance, it was held on appeal that the word "happiness" had not acquired a secondary meaning, and the order was reversed. *Compare* O'Gorman v. Paramount Film Serv., Ltd., [1937] 2 All E.R. 113 (Ch.), where it was held that where the play *Irish and Proud of It* had ceased to be produced thirteen years previously, no member of the public would think that a film with the same title was an adaptation of it. *See also* Houghton v. Film Booking Offices, 48 R.P.C. 329 (1931).

[58] Peter Cheyney obtained an injunction to prevent the use of the title of his highly successful first thriller, for a film based on an entirely different novel. Its title, "This Man is Dangerous," was considered not "a common hackneyed phrase," and there was evidence that its use would harm Cheyney's film rights. Cheney v. Rialto Prods., [1936–45] Mac. C.C. 386 (K.B.). However, when the title of a song published in 1892, "The Man Who Broke the Bank at Monte Carlo," was used as a film title in 1935, the Privy Council thought that the claim to passing off was "startling," given the absence of any other circumstances calculated to mislead. Francis Day & Hunter, Ltd. v. Twentieth Century Fox Corp., [1940] App. Cas. 112, 125. *See also* Elkin & Co. v. Francis Day & Hunter, [1905–10] Mac. C.C. 294 (Ch.).

[59] Hexagon Pty. v. Australian Broad. Comm'n, 7 A.L.R. 233 (N.S.W. Sup. Ct. 1975). Two films had been produced (one very successful), and a television series was contemplated. ABC wanted to produce the series itself rather than the commissioning Hexagon, although willing to involve some of the directors in a personal capacity. The plaintiffs seem to have been essentially unaware that they had any relevant legal rights, and had resigned themselves to bowing out of the series, knowing that ABC had secured the cooperation of the original writer and the original actor. This behaviour led to the plaintiffs being estopped from denying that they would allow the defendant to make the series.

Denning, M.R., described it as "a film of the grotesque," and thought that there was no likelihood of any confusion whatsoever.[60] Furthermore, even a deliberate reference to a fictional character will not necessarily imply a trade connection: a trader may wish simply to take advantage of the character's associations. Although this may be unpopular with the character's creator, it will not amount to passing off if it is not deceptive.[61]

The creator of a character may choose to exploit it directly — by marketing books, plays, films, or other works featuring the character — and will have goodwill in that business. But it is also very common to grant licences to others, allowing them to exploit the character in different ways. This licensing activity is also capable of generating goodwill for the character's creator, because the *concept* of the character has become marketable.[62] To succeed in passing off, the plaintiff must have some business or goodwill which can be injured, which seems to preclude a passing off action to prevent the mere use of the character's name: if there is no copyright in the name alone, then there can be nothing to licence. However, much will depend on the facts, and if goodwill can be shown in the particu-

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60 Miss World (Jersey), Ltd. v. James St. Prods., Ltd., [1981] F.S.R. 309 (Eng. C.A.). Lord Denning stressed that there was "no copyright in a title. There is no property in a title such as 'Miss World'. The only way in which the plaintiffs could complain is that they have a goodwill in the name 'Miss World.'" *Id.* at 311. *Compare* Universal City Studios, Inc. v. Nintendo Co., Ltd., 578 F. Supp. 911 (S.D.N.Y. 1983) (consumers were not likely to confuse the two gorillas "Donkey Kong" and "King Kong").

61 *See* Tot Toys, Ltd. v. Mitchell, [1993] 1 N.Z.L.R. 325 (H.C.) (remarks of Fisher, J.). *See also* New Zealand Olympic and Commonwealth Games Ass'n, Inc. v. Telecom New Zealand, Ltd., [1996] F.S.R. 757, 763 (N.Z.H.C.).

62 Mirage Studios v. Counter-Feat Clothing Co., Ltd., [1991] F.S.R. 145, 156 (Ch.). The argument is that since the public associates the goods with the creator of the characters, if the image is depreciated by the use on inferior goods (say) the serious damage to the value of the licensing right may result. The plaintiff need not himself manufacture goods of the type which the defendant is marketing, so long as he is in the business of marketing such use. However, it is crucial that the public is aware that the characters would not normally appear without the licence of the plaintiff — thus showing that the public connects the character with the plaintiff. The court considered two Australian authorities which adopted this approach, to be "sound." *See* Children's Television Workshop, Inc. v. Woolworths (New South Wales), Ltd., [1981] R.P.C. 187 (N.S.W. Sup. Ct.) (The Muppet Case) and Fido Dido, Inc. v. Venture Stores (Retailers) Pty., Ltd., 16 I.P.R. 365 (Austr. Fed. Ct. 1988). *Compare* Lorimar Prods., Inc. v. Sterling Clothing Mfrs. (Pty.), [1982] R.P.C. 395 (S. Afr. Sup. Ct.) concerning the *Dallas* television series, where it was held that character merchandising was not at that time so well known in South Africa that it could be assumed that the man in the street would have knowledge of it. Sometimes the purchaser may want simply a memento or likeness of a chosen figure, and will be indifferent as to its trade origin. *Re* Elvis Presley Trade Marks, [1997] R.P.C. 543, 553-54 (Ch.).

lar circumstances, there will be no need to rely on the narrower ground.[63] Note also that the nature of the claimant's licensing activities may affect the remedy granted, at least in interim proceedings. The cult cartoon character "Judge Dredd" was the subject of a song by the group Loose Talk, and it was clearly arguable that release of the record would amount to passing off. But since the claimant's merchandising activities were "not extensive," the court was not prepared to accept that it would suffer substantial damage before trial, and refused an interim injunction.[64]

The strength of the passing off action in this context is that it may be used as long as there is existing goodwill, which may well stretch beyond the copyright term, thus extending protection potentially indefinitely. Similarly, the unfair competition actions are dependent only on the elements of the tort being made out, and have no fixed time limit. Although the de facto extension of copyright beyond its statutory term is an obvious concern in such cases, it is probably defensible. Any competitor who makes the true position clear to the public will not be vulnerable to such actions, and such an obligation should not represent a heavy burden. Where this is not done, and the public is misled into believing a connection with the plaintiff, intervention is more readily justified.

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[63] The theoretical difficulty was acknowledged in *Mirage Studios*, [1991] F.S.R. at 158, but the plaintiffs in that case could show that their business was licensing copyright drawings of the "Ninja Turtles," so they were not attempting to establish any "business" in licensing the name alone. This was sufficient to distinguish the case from *Wombles, Ltd. v. Womble Skips, Ltd.*, [1977] R.P.C. 99 (Ch.), where the defendant had used the word "Wombles" on his skips, but had used no representation of any of the Wombles characters. *Tavener Rutledge, Ltd. v. Trexapalm, Ltd.*, [1975] F.S.R. 479 (Ch.) (Kojak) was distinguished in the same way, as was *Lyngstad v. Anabas Prods., Ltd.*, [1977] F.S.R. 62 (Ch.). In the latter case, the plaintiffs did not complain solely of the defendants' use of the name "Abba" on goods, but also objected to their use of photographs of the band. Citing *Tavener Rutledge*, the court denied the existence of a proprietary right in a name which would allow plaintiffs to sue simply for its use. *Id.* at 68. But in denying an injunction, greater stress was laid on the fact that the plaintiffs carried on no business in the United Kingdom with which the defendants' goods could be confused, so there was no misrepresentation established on the facts. The sensitivity of the issue was also evident in *Hollie Hobbie Trade Mark*, [1984] F.S.R. 199 (Ch.), where registration of a mark solely for merchandising purposes was not permitted. The House of Lords agreed unanimously that this constituted "trafficking" in marks under the 1938 Act, although Lord Bridge did so "with undisguised reluctance." The position was changed by the 1994 Act.

[64] I.P.C. Magazines, Ltd. v. Black & White Music Corp., [1983] F.S.R. 348 (Ch.). Nor did the court accept that the character of Judge Dredd (allegedly portrayed by the record in a different way than by the cartoon) would be compromised by release of the recording. An undertaking to keep an account of profits was considered sufficient.

Thus, these torts offer a powerful means of protecting fictional characters from unwanted exploitation if the defendant's activities are likely to deceive consumers. However, where this is not the case, it is considered that there is no legitimate interest to protect. *The London Mystery Magazine*'s rather theatrical references to "Sherlock Holmes" as their predecessor at the famous address implied no plausible connection with the plaintiffs, so there was no wrong. Note, however, Wynn-Parry, J.'s, distinction between real people and fictional characters:

> No doubt, if there had been such a character in real life as "Sherlock Holmes", and no doubt if he had carried on his interesting profession from 221B, Baker Street, what the Defendants are doing would have given him some right of protection by this Court; but that is not the position.[65]

The point is presumably that a "real" Sherlock Holmes could have shown goodwill in his business of detecting, and that mention of his relationship with a mystery magazine might have been more easily shown to be a misrepresentation. Both real people and fictional characters are used to sell goods, and misrepresentations may be restrained in either case, although the case of the fictional character may need to be framed somewhat differently.

However, although distinguishing the real and fictional may be easy enough for lawyers, others might consider it not so simple. For example, a fictional character may be based (directly or indirectly) on a real one, and a real person may spend an entire professional life in character. If the justification for these torts is consumer confusion, then it should be recognised that the image of a real person may in fact be as fictional as the image of any imaginary character — and to many members of the public some fictional characters seem to be far more real than the more fantastic celebrities.[66] From this point of view it is not self-evident that fictional

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[65] Conan Doyle v. London Mystery Magazine, Ltd., 66 R.P.C. 312, 313 (Ch. 1949). There was in fact no such address as 221B Baker Street, even by 1949. The defendants had made arrangements with the Abbey National Building Society, which occupied the block of buildings numbered 219-223, to have their correspondence collected and forwarded to their registered address, 3 Lincoln's Inn Fields.

[66] The public reaction to *The Old Curiosity Shop* is legendary. It was published in instalments over several months, and Dickens was besieged with letters from readers begging him to spare Little Nell. It is claimed that as ships from England arrived in New York crowds shouted to the passengers from the pier, "Is Little Nell dead?" Many members of the original cast of *Peter Pan* received shoals of letters from children convinced that the stage characters were quite real enough to invite to tea. George Shelton, who played the Irish pirate Smee for every year but two until 1929, called his reminiscences *It's Smee*. Compare the reaction to the shooting of J.R. Ewing: audiences

characters merit lesser protection. When a newspaper superimposed the heads of two famous soap opera characters on pornographic images, a case was brought in defamation, alleging that the published article would be understood to mean that the actors had posed for pornographic pictures. Although the court acknowledged that the plaintiffs would have found the publication "deeply offensive and insulting," the action failed because part of the text made it clear that the photographs were mock-ups.[67] There was no legal remedy for such behaviour, distasteful though it was to those real people involved.

Much of the distress caused would have stemmed from the plaintiffs' own identification with the characters they played, their sense of the public's belief in those characters, and their feeling that the defendant's portrayal of the characters represented a betrayal of them. Such reactions illustrate the fact that people are accustomed to relating the real and fictional in a complex, powerful, but somewhat vague way. Perhaps no one would have been confused in a legal sense by the article, but many fans of the show would have found the characters' "behaviour" in the photographs shocking and incongruous. Responding to similar feelings, Wodehouse explained why he had refused to permit various exploitations of Jeeves which he thought inappropriate:

> One great advantage in being a historian to a man like Jeeves is that his mere personality prevents one selling one's artistic soul for gold. In recent years I have had lucrative offers for his services from theatrical managers, motion picture magnates, the proprietors of one or two widely advertised commodities, and even the editor of the comic supplement of an American newspaper, who wanted him for a "comic strip." But, tempting though the terms were, it only needed Jeeves' deprecating cough and his murmured "I would scarcely advocate it, sir," to put the jack under my better nature. Jeeves knows his place, and it is between the covers of a book.[68]

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for the relevant episodes of *Dallas* approached half the population in both England and the United States.

[67] Charleston v. News Group Newspapers, Ltd., [1995] 2 App. Cas. 65, 68 (Lord Bridge of Hawich).

[68] P.G. Wodehouse, *Introduction*, *in* THE WORLD OF JEEVES (1931). Wodehouse did agree to various film and theatre adaptations, however. Jeeves is named for a Warwickshire cricketer called Percy Jeeves, who was killed in the First World War. Although Wodehouse claimed that he first thought of his most famous character after reading Harry Leon Wilson's *Ruggles of Red Gap*, in which a gentleman's personal gentleman "of a most unusual kind" is the hero. FRANCES DONALDSON, P.G. WODEHOUSE: A BIOGRAPHY 107 (1982).

It is easy enough to understand why authors would wish to restrain portrayals of their characters which they regard as "out of character." The difficulties of defining the legal boundaries of any such right are of course very considerable, particularly at the border with freedom of expression. And historically, English law has been extremely reluctant to create rights of personality — even for real people.

IV. DOES THE LAW'S APPROACH TO CELEBRITIES OFFER ANY INSIGHT INTO THE APPROPRIATE PROTECTION OF FICTIONAL CHARACTERS?

In English law there is no absolute right to prevent another adopting one's own name, however annoying or inconvenient this may be.[69] Nevertheless, the use of another's name may amount to passing off, or trademark infringement, or be actionable on other grounds such as defamation.[70] But there has been little willingness to protect the "personality" as such. In a case concerning the exploitation of the "Elvis Presley" name, Laddie, J., offered some vivid illustrations of the operation of this approach in practice:

> Even if Elvis Presley was still alive, he would not be entitled to stop a fan from naming his son, his dog or goldfish, his car or his house "Elvis" or "Elvis Presley" simply by reason of the fact that it was the name given to him at birth by his parents. To stop the use of the whole or part of his name by another he would need to show that as a result of such use, the other person is invading some legally recognised right . . . . Similarly, Elvis Presley did not own his appearance. For example, during his life he could not prevent a fan from having a tattoo put on his chest or a drawing on his car which looked like the musician simply on the basis that it was his appearance which was depicted. For the same reason under our law Enterprises does not own the likeness of Elvis Presley. No doubt it can prevent the reproduction of the draw-

[69] Du Boulay v. Du Boulay, [1867–69] L.R. 2 P.C. 430, 441 ("In this country we do not recognise the absolute right of a person to a particular name to the extent of entitling him to prevent the assumption of that name by a stranger . . . the mere assumption of a name, which is the patronymic of a family, by a stranger who had never before been called by that name, whatever cause of annoyance it may be to the family, is a grievance for which our Law affords no redress.").

[70] Tolley v. Fry, [1931] App. Cas. 333. As has been seen, the tort of defamation has limits which may render it ineffective to prevent unauthorised and unwanted exploitations of personality. *Charleston*, [1995] App. Cas. 65. Breach of contract or confidence may also be possible. *See* Pollard v. Photographic Co., L.R. 40 Ch. D. 345 (1888).

> ings and photographs of him in which it owns copyright, but it has no right to prevent the reproduction or exploitation of any of the myriad of photographs, including press photographs, and drawings in which it does not own the copyright simply by reason of the fact that they contain or depict a likeness of Elvis Presley. Nor could it complain if a fan commissioned a sculptor to create a life-size statue of the musician in a characteristic pose and then erected it in his garden. It can only complain if the reproduction or use of the likeness results in the infringement of some recognised legal right which it does own.[71]

The *Elvis* case also illustrates the difficulties faced by those seeking to register a trademark to protect a famous name. Common surnames and forenames have generally been considered to lack distinctiveness, and therefore unregistrable unless distinctiveness can be shown in fact. There is of course a public interest question here too, and the United Kingdom Trade Marks Registry has sought to consider such applications with some care, lest unfair advantage be given to the first applicant for such a name.[72] Nevertheless, many full personal names can be used to denote the trade source of goods, and will readily be understood to do so. But if the character is already famous, the public is unlikely to associate goods bearing their name or likeness with a single trade source. They will buy products because of their association with the chosen star, not because they perceive the name to indicate trade origin. Thus, the name is unlikely to show the distinctiveness required for registration as a trademark. On the facts neither of the word marks in the case ("Elvis," "Elvis Presley") was held to be distinctive. The same fate befell the mark "Diana, Princess of Wales," which her estate was seeking to register.[73]

The names of famous fictional characters may fall at similar hurdles unless considerable prescience is shown. An attempt to register the "Tarzan" name for films and sporting articles failed, because by the time

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[71] *Re* Elvis Presley Trade Marks, [1997] R.P.C. 543, 548 (Ch.).

[72] *See* the recent comments of Jacob, J., in *Nichols Plc's Trade Mark Application*, [2003] R.P.C. 16 (Ch.), and the questions concerning the registration of common surnames there referred to the European Court of Justice.

[73] Executrices of the Estate of Diana, Princess of Wales' Application, [2001] E.T.M.R. 25. During the Princess' lifetime there was no suggestion that the myriad mementoes bearing her name or likeness were associated with her in the sense of coming from her as a trade source. It was therefore argued that the words became a trademark for goods only after her death. But the fact that the earlier uses had had no trademark significance reduced the likelihood that it would be perceived by the public to have such significance at a later stage. The mark was held to be devoid of distinctive character and excluded from registration. *See also* Jane Austen Trade Mark, [2000] R.P.C. 879 (T.M.R.).

of the application the word was so well-known that it had become descriptive of the character and quality of those goods.[74] With trademarks as with copyright, the boundaries between name and word are easily blurred. George Du Maurier christened a fictional character "Trilby" in the novel of that title published in *Harper's Monthly Magazine* throughout 1894. Following the work's startling popular success, the attractive power of "Trilby" was considered to be so mesmerising that by 1896 it had been registered as a mark for all sorts of goods.[75] Following a dispute over its use on ladies' aprons, the Court of Appeal determined (but only by a majority) that it was a word rather than the name of an individual — a decision of consequence under the prevailing Act, since the registration of names was somewhat restricted.[76]

Lindley, L.J., acknowledged that this construction of the statute created monopolies of common words without condition, and thereby invited "scrambles to obtain such monopolies." He also admitted that there would be "troublesome questions if a person of that name should hereafter make his appearance and wish to carry on business under his own name," although he obviously considered the possibility to be somewhat remote. Those with the least acquaintance with popular culture would have known that Trilby was not a hero but a heroine. Perhaps Lindley, L.J., had not thought it proper to read the novel. Presumably, he was also unaware of the existence of Trilby Haidèe Moulder, whose father had written to Du Maurier urgently enquiring whether his baby daughter was the first Trilby.[77] As has been mentioned, this problem of balance between the ap-

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74 "TARZAN" Trade Mark, [1970] F.S.R. 245 (Eng. C.A.). Note Laddie, J's, observation that "No doubt had Edgar Rice Burroughs had the foresight, or employed a lawyer with the foresight, to realise the merchandising potential of his Tarzan character at the time he created it and before it was launched before the public, he could have obtained a registration of that word for films and a wide range of other products. Whether such registration could have been removed from the register as a result of it becoming non-distinctive at a later date is another matter." *Elvis Presley*, [1997] R.P.C. at 551.

75 Of course for modern readers the word "trilby" denotes a man's soft felt hat: the appellation is indirectly derived from one of Du Maurier's own illustrations for his novel, but was apparently first coined by the *Bradford Daily Argus*, Nov. 12, 1895. Oxford English Dictionary.

76 Holt's Trade Mark, [1896] R.P.C. 118 (Ch.). Under the Trade Marks Act 1888, marks had to consist of at least one of the listed "essential particulars." Names of individuals and firms were not registrable unless printed in a distinctive manner, whereas invented or non-descriptive words could be printed in ordinary type. The effect of the decision was therefore that "Trilby" could be registered. This confirmed the practice of the Patent Office at the time.

77 Leonée Ormond, George du Maurier 462 (1969). Du Maurier died in October 1896, a few months after this case was heard.

plicant for a trademark and the wider public interest — including other potential traders — continues.[78]

Many character names have been registered, and also titles including these names. The special nature of these marks becomes evident when the definition of infringing conduct is considered. In the United Kingdom under the Trade Marks Act 1994, a registered trademark is infringed by another's "use in the course of trade." Under the previous 1938 Act, it was necessary to show that the mark had been used "as a mark." The position under the 1994 Act is still somewhat unclear, following the European Court of Justice's decision in *Arsenal v. Reed*. Mr. Reed sold football souvenirs with the name "Arsenal" on them, although he was not licensed by the trademark holder. He took steps to disclaim any connection with "official" merchandise, and argued that the goods were used as badges of affiliation, and that the word "Arsenal" did not indicate trade origin. The national court accepted that the use of the "Arsenal" sign carried no message of trade origin, but asked whether, as a matter of law, such behaviour would infringe. The ECJ appeared to confine the trademark owner's exclusive right to situations where the use complained of affected the functions of the trademark, in particular its essential function of guaranteeing to consumers the origin of goods. Nevertheless, the court indicated that Mr. Reed's behaviour did infringe, because it suggested a material link with the trademark proprietor — a view apparently inconsistent with the national court's finding of fact.[79] Products adorned with character names might quite conceivably be purchased as badges of affiliation, so clarity on the matter is crucial. Compare, also, the American trademark holder's objection to the use by public interest groups of the phrase "Star Wars" to characterise the Reagan Administration's Strategic Defense Initiative. It was held that this was not the type of use which trademark law would restrict, the court observing: "Since Jonathan Swift's time, creators of fictional worlds have seen their vocabulary for fantasy appropriated to describe reality."[80]

It is certainly common for other traders to seek associations with fictional characters, and they will not necessarily infringe a trademark by

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[78] *See* Nichols Plc's Trade Mark Application, [2003] R.P.C. 16 (Ch.).

[79] *See* Arsenal Football Club v. Reed, [2003] All E.R. 1 (E.C.). *See also* Trade Marks Act, 1994, 42 & 43 Eliz. 2, c. 26, § 10; Trade Marks Act, 1938, 1 & 2 Geo. 6, c. 22, § 4(1)(a) (Eng.); Arsenal Football Club v. Reed, [2001] E.T.M.R. 77 (Ch.); Arsenal Football Club v. Reed, [2003] 1 C.M.L.R. 12 (Ch.); Arsenal Football Club v. Reed (No. 2), [2003] All E.R. 137 (Ch.). The Court of Appeal's reading of the ECJ judgment eliminated these tensions. *See* Arsenal Football Club v. Reed, [2003] All E.R. 865 (Eng. C.A.). However, this reading is not without its difficulties, and the case is being appealed to the House of Lords.

[80] Lucasfilm, Ltd. v. High Frontier, 622 F. Supp. 931, 935 (D.D.C. 1985).

doing so. Much will depend on the nature of the goods involved, and the way in which the character is referred to. Concepts such as deception, confusion and association are central. The owner of the mark "The Pink Panther" was able to restrain a gay rights activist group calling itself "Pink Panther Patrol" and using this as its logo. The court found a high degree of similarity between the marks, and found that the substantial difference between the plaintiff's goods and the defendant's services did not negate the likelihood of confusion. The court was also alert to the nature of the likely damage:

> MGM uses its mark to promote an image of light-hearted, non-political, asexual, amicable, comic entertainment. The Patrol's use of the name is associated with political activism, violence, defiance, homosexuality and angry confrontation. Thus, the character of the image each seeks to promote in association with its use of the name is drastically different.[81]

The trademark holder is also offered valuable protection against dilution of the mark in both the United Kingdom and the United States. For example, the holder of the "Superman"and "Wonderwoman" marks could restrain the defendants' "Super Stud" and "Wonder Wench" singing telegrams.[82] In contrast, a new Muppet character "Spa'am" survived complaints of infringement and dilution by the manufacturer of SPAM.[83] All of these cases involved consideration of the relevant mark's "character," indicating that sophisticated discussion of such concepts is not impossible in the judicial sphere — at least where a valuable property is at issue.

A real person may use their name, likeness or voice in their profession or business, and this may form part of the goodwill in their business.[84]

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[81] MGM-Pathé Communications Co. v. The Pink Panther Patrol, 774 F. Supp. 869 (S.D.N.Y. 1991).

[82] DC Comics, Inc. v. Unlimited Monkey Bus., Inc., 598 F. Supp. 110 (N.D. Ga. 1984).

[83] Hormel Foods Corp. v. Jim Henson Prods., Inc., 36 U.S.P.Q.2d (S.D.N.Y. 1995). The court noted that no one likes to be the butt of a joke, "not even a trademark."

[84] To establish passing off there must, however, be some business beyond simply being well-known. *See* Kaye v. Robertson, [1991] F.S.R. 62 (Eng. C.A.). Note in *Sim v. H.J. Heinz Co., Ltd.*, [1959] R.P.C. 75 (Eng. C.A.), the view expressed at first instance; that it would be a grave defect in the law if an actor could imitate another's voice without consent for commercial gain. However, the action was brought both in libel and passing off. An interlocutory injunction was therefore refused, following established practice in libel cases, and the passing off claim involving the same issues could not avoid this problem. The Court of Appeal upheld the decision, declining to express an opinion on the "novel" question as to "whether this voice can in truth be regarded as a property." *Id.* at 82 (Hodson, L.J.) *See also* Corelli v. Wall, 22

If these are used in an unauthorised way, an action in passing off may lie. However, there may be a good deal of difficulty in establishing misrepresentation. When the broadcaster "Uncle Mac" from the BBC's Children's Hour objected to the sale of "Uncle Mac's Puffed Wheat," Wynn-Parry, J., was "utterly unable" to see any element of passing off in the case, since the plaintiff was "not engaged in any degree in producing or marketing puffed wheat," and expressed hostility to the notion that such conduct should be prevented.[85] Admittedly, this case is half a century old, and it is now often alleged that the present endorsement-conscious public will be misled into believing that goods marketed using the claimant's name or image are sold with their approval or licence. However, the English courts have shown little desire to depart hastily from their traditional stance, and have tended to examine the facts underlying such claims with some care.[86] Nevertheless, a much more realistic attitude to product endorsement was shown recently in *Irvine v. Talksport, Ltd.*, where the court was prepared to apply the law of passing off to a case of false endorsement.[87] In all cases

T.L.R. 532 (Ch. 1906), where paintings of the well-known author Marie Corelli were sold as postcards without her consent. She was depicted in various trivial imaginary incidents (feeding a pair of diminutive ponies, in a gondola, etc.), and the cards were heavily advertised near her home by sandwich men. Although the court was disapproving, an interlocutory injunction had to be refused because the cards were not obviously libellous. *Compare* Charleston v. News Group Newspapers, [1995] 2 App. Cas. 65. Nor would the court accept the proposition urged on Miss Corelli's behalf "that the plaintiff as a private person was entitled to restrain the publication of a portrait of herself which had been made without her authority and which, although professing to be her portrait, was totally unlike her."

85 "Passing off, in my judgement, it certainly is not. If I were to accede to the plaintiff's claim I should, as I see it, not merely be extending quite unjustifiably the scope of the action of passing off, but I should be establishing an entirely new remedy, and that I am quite unprepared to do." McCulloch v. Lewis A. May (Produce Distribs.), Ltd., [1947] 2 All E.R. 845, 851 (Ch.).

86 The Court of Appeal's response to the *Elvis* case offers an instructive example of this. *See Re* Elvis Presley Trade Marks, [1999] R.P.C. 567 (Ch.). *See in particular* Robert Walker, L.J.'s, careful consideration of the character merchandising cases (*id.* at 580-84), which were relied on by the applicant to support its argument that in the modern world the use of a celebrity's name would imply endorsement of the product on which it appeared, and that therefore the "Elvis" mark should be regarded as distinctive. The argument was not accepted. The cases considered in the Court of Appeal have been discussed above in the context of fictional characters. *See also* Halliwell v. Panini, June 6, 1997 (LEXIS, Enggen Library, Cases File). The Australian courts have been rather more sympathetic. *See, e.g.*, Henderson v. Radio Corp. Pty., Ltd., [1969] R.P.C. 218 (N.S.W. H.C.); Pacific Dunlop, Ltd. v. Hogan, 84 A.L.R. 14 (Fed. Ct. 1989).

87 [2002] 2 All E.R. 414 (Ch.). The defendants had altered a photograph of the racing driver Eddie Irvine, so he appeared to be listening intently to their

damage must be shown, either to the goodwill in the core business, or to the adjunct business of licensing the image.[88] Note also the use of the ICANN Uniform Domain Name Dispute Resolution Policy to transfer (for example) three domain names to the author Jeanette Winterson, all containing her name.[89]

In the United States, as in the United Kingdom, unfair competition laws require an element of misrepresentation, such that consumers could be confused or misled. When Ginger Rogers objected to Federico Fellini's use of the film title "Ginger and Fred" the Court acknowledged that some members of the public might conceivably be misled into thinking she had a connection with the film, but also recognised that the makers of the film had a right to choose an appropriate title. The court noted that titles combined artistic and commercial elements, and although consumers of artistic works ought not to be misled, they also had an interest in enjoying the author's freedom of expression in selecting a title. The court therefore rejected Rogers' contention that freedom of expression should only become a concern if there was no alternative means of expressing the nature of the work other than by use of the contested title, and offered a more nuanced test:

> We believe that in general the [Lanham] Act should be construed to apply to artistic works only where the public interest in avoiding consumer confusion outweighs the public interest in free expression. In the context of allegedly misleading titles using a celebrity's name, that balance will normally not support application of the Act unless the title has no artistic relevance to the underlying work whatsoever, or, if it has some artistic relevance, unless the title explicitly misleads as to the source or the content of the work.[90]

A significant feature of this test is that it acknowledges that consumers do not regard the titles of artistic works in the same way as they regard the names of ordinary commercial products. Consumers expect irony, allusion, and ambiguity in a title, which both adds to their enjoyment of the work, and reduces the likelihood of their being misled. The American court's

radio station. Irvine established a substantial reputation and goodwill derived from his racing and associated publicity.

88 For example, a damaging association between the defendant's business and the claimant's business might be argued as in *Annabel's (Berkeley Sq.), Ltd. v. Schock*, [1972] R.P.C. 838 (Eng. C.A.) (Annabel's Club objecting to association with Annabel's Escort Agency).

89 Winterson v. Hogarth, [2000] E.T.M.R. 783 (WIPO). The panel held that the policy was not limited to registered rights, and found that Winterson had an unregistered trademark in her own name (used extensively on her works).

90 Rogers v. Grimaldi, 875 F.2d 994, 999 (2d Cir. 1989).

willingness to recognise these literary sophistications, as a counterbalance to raw commercial values, is commendable. Commercial arguments too often seem to be regarded as devastatingly persuasive, at least by those putting them forward.

It was argued on behalf of the applicant in the *Elvis* case that it would be outrageous if the more famous a celebrity became, the more difficult it became to register their name as a trademark. One limb of the argument was that it would be illegitimate for other traders to exploit the name, because they would be benefiting from the prestige associated with the name which had been given to it by the celebrity. Simon-Brown, L.J., was not persuaded of the need for the broad "free standing general right to character exploitation" implied by the argument, which would apply virtually irrespective of the products being marketed, irrespective of the date when the right was claimed, irrespective of whether it was claimed by the celebrity or the celebrity's legal successors, and irrespective of previous trading by others. Referring explicitly to the previous refusals to embrace the position, Simon-Brown, L.J., again rejected the idea of a new "character right," and insisted that there should be no assumption that only the celebrity could market his character: "Monopolies should not be so readily created."[91] Such a position is consistent with English law's continued refusal to recognise an independent tort of appropriation of personality, in contrast to other jurisdictions.[92] It would seem incongruous for fictional characters to be granted free-standing protection of wider ambit than that allowed to real persons.

One is thus driven back to the copyright work itself as the source of rights. The difficulty is, as always, setting the boundaries of infringing conduct. The views of the copyright holder and those of potential users of the

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[91] *Elvis Presley*, [1999] R.P.C. at 597-98. In *Re Jane Austen Trade Mark*, [2000] R.P.C. 879 (T.M.R.), it was argued that historical figures should not be subject to being "acquisitively registered." The Registrar observed that "Given the unwillingness to legislate in respect of character or personality rights it would in my view be unwise to assume that there is nevertheless a public policy interest going beyond whatever rights may be built up and protected through other areas of law." *Id.* at 889.

[92] Certain United States jurisdictions have recognised "image rights" or "rights of publicity," such that unauthorised appropriations of a public figure's persona are actionable. It acknowledges the commercial value of a public figure's persona, and can be contrasted with rights to privacy, which are more concerned with invasion of and injury to feelings. Canada has recognised a tort of appropriation of personality, and some provinces have privacy rights which prohibit unauthorised use of a name or likeness to promote goods. The impact of the Human Rights Act has led the English Court of Appeal to recognise "a right of personal privacy," though its scope is as yet unclear. *See* Douglas v. Hello!, Ltd., [2001] Q.B. 967, 997.

work may well be at odds in this area, particularly with regard to new works which are in some way derived from the original work.

V. THE ADAPTATION OF COPYRIGHT WORKS — HOW SHOULD THIS BE VIEWED?

Copyright law has always forbidden the reproduction of copyright works. However, it has not always been the case that acts such as translation or dramatisation of a copyright work have been deemed infringing. The characterisation of such adaptations has been controversial.

Until the mid-nineteenth century, the general absence of international copyright protection left publishers on the whole quite free to translate foreign works, and this was commonly done. The market was of such value to English publishers that translations were specifically excluded from the earliest International Copyright Acts. However, the matter was of such great irritation to the French that translations were covered by the 1851 Anglo-French treaty, though under cumbrous conditions.[93] Although the Act did cover dramatic and musical works, protection did not extend to "fair imitations or adaptations to the English stage of any dramatic piece or musical composition published in any foreign country." This last exception was to prove extremely troublesome, its effect being felt much more by French dramatists than English. Partly this was because even small changes (of title, of character names, of setting) were considered by the English courts to be "imitation or adaptation" rather than reproduction, and thus did not infringe.[94] Following extended remonstrances the exception was disapplied in 1875. The issue of translation rights was hotly

[93] An Act to Enable Her Majesty to Carry into Effect a Convention with France on the Subject of Copyright, to Extend and Explain the International Copyright Acts, and to Explain the Acts relating to Copyright in Engravings, 15 & 16 Vict., c. 12 (1852) (Eng.). Unauthorised translations of original works were prohibited if the following conditions were complied with. Notice of intent to reserve the right of translation had to be printed on the title page of the original, and the original had to be registered and deposited in the United Kingdom within three months of first publication. An authorised translation then had to be published within a set period (a minimum of a part translation within one year, and the whole within three years of registration and deposit), and itself registered and deposited. The result was then five years protection from rival translations, dating from first publication of the authorized translation.

[94] The English trade press offered a blunter explanation for the imbalance: "Hitherto the rule has been for the English playwright to appropriate wholesale the productions of French writers, and to present them only slightly modified, and generally without any acknowledgement. French playwrights, on the other hand, have been precluded from retaliating by the simple fact that we have on our side no dramatic literature." PUBLISHERS' CIRCULAR, Oct. 15, 1867.

debated in the early negotiations for the Berne Convention, the French strongly arguing for their complete assimilation to the reproduction right on grounds of principle, and other states advocating more limited protection. The text signed in 1886 set the translation right to ten years from publication.[95] Britain again opposed full assimilation at the 1896 Paris revision conference, and it was not until the 1908 Berlin revision conference that the translation right was fully assimilated to the reproduction right under the terms of the Berne Convention. Cases on translation rights decided before the 1911 Copyright Act must therefore be regarded with caution.[96] The 1956 and 1988 Copyright Acts protect translations as "adaptations" of the copyright work, rather than as a separate exclusive right.[97]

The dramatisation of works was another highly contentious matter. The practice of dramatisation had enraged novelists for years, since they lost control of both their plots and any money flowing from their exploitation. In 1861, Charles Reade had pursued the matter to the Court of Common Pleas, seeking an injunction to restrain Conquest's dramatisation of his novel *Never Too Late to Mend*, arguing for statutory and common law rights to prevent dramatisation of novels. He was unsuccessful with this approach at this stage, but was to win by a different route in the end.[98] Reade's next legal action was over a different dramatisation of the same work, stated to be "founded on Charles Reade's popular novel." In fact, Reade had anticipated his own novel in a play, *Gold*, which he had published some years before. This play was a copyright work, and it was held that Reade could not have forfeited his copyright simply by using scenes and passages from it in his novel. Reade therefore won on the basis that

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[95] Implemented by the International & Colonial Copyright Act, 1886, 49 & 50 Vict., c. 33 (Eng.). The provision made for translations was in fact more generous than the convention required, protection extending for the full term of copyright in the original work, although this expired if there was no official translation within the ten year convention time period.

[96] Copyright Act, 1911, 1 & 2 Geo. 5, c. 46, § 1(2)(a) (Eng.) provided that the sole rights to produce, reproduce, perform or publish a work included the sole right to do these acts in relation to the translation of the work. It thus achieved the Berne Convention's requirements.

[97] Copyright Act, 1956, 4 & 5 Eliz. 2, c. 74, § 2(6) (Eng.); CDPA 1988 § 21(3)(a).

[98] Reade v. Conquest, 9 C.B. (N.S.) 755 (1861). *See also* TIMES, Jan. 19, 1861; PUBLISHERS' CIRCULAR, Mar. 1, 1861. Charles Reade (1814–1884) was a fellow of Magdalene College, Oxford, and a barrister (Lincoln's Inn), well before his considerable success as a dramatist and novelist. He retained his fellowship and his rooms in Magdalene until his death. Reade represented himself during certain stages of both of his actions concerning dramatisation.

his play's copyright had been (indirectly) infringed by the defendant's dramatisation of the novel.[99]

In addition, it had been suggested that printing a novel recast into play form would prevent performance of further unauthorised dramatisation. Reade hoped to test this theory in the trial of the action against Conquest, where the defence was that the new dramatisation was just as much a work of authorship as Reade's original play. Reade had used some passages from *Gold* unchanged in his novel, and these appeared unmodified in the "new" dramatisation. Nor did it strengthen the defendant's case when during the hearing it emerged that one of the actors in the "new" dramatisation had previously played in *Gold*, and had inadvertently used some of the play's original lines during the performance. Reade therefore obtained a verdict for £160 in damages on the basis of indirect copying of the original play, but no decision on the contested matter of dramatisation right.[100] *Reade v. Conquest* did cause some authors to issue their own dramatisations in an attempt to forestall unauthorised efforts. Dickens and Wilkie Collins tried this with their joint composition, *A Message from the Sea*, although their success is better attributed to might than to legal right.[101] Notwithstanding, the general view was one of sympathy for au-

[99] Reade v. Lacy, 1 J. & H. 524, 70 Eng. Rep. 853 (Ch. 1861). *See also* TIMES, Apr. 18, 1861). For more on both cases, see K.J. Fielding, *Charles Reade and Dickens – A Fight Against Piracy*, 10 THEATRE NOTEBOOK 106-11 (1956).

[100] Reade v. Conquest, 11 C.B. (N.S.) 479 (C.P. May 9, 1861 & Jan. 17, 1862). The jury's verdict (£160, being eighty performances at 40s.) was upheld. Reports of the case appeared in various journals. *See* TIMES, May 10, 1861, Jan. 18, 21, 1862; PUBLISHERS' CIRCULAR, May 15, 1861; ATHENAEUM, Jan. 25, 1862.

[101] In January 1861, Dickens threatened legal action over a stage adaptation of this work, from the Christmas number of *All the Year Round*. The authors' own rudimentary dramatisation of the story had been written and published (presumably only a few copies were printed) in December 1860. Although the case was weak, as Dickens knew perfectly well, the proprietor of the Britannia theatre capitulated, withdrawing the production on the first night, with the audience already in the building. 9 LETTERS OF CHARLES DICKENS 363-67 (Graham Storey ed). Cannily, Dickens later authorised some performances, having extracted payment. Fielding, *supra* note 99, at 106-11. Wilkie Collins later always took care to issue his own dramatisations in an attempt to forestall piracies of his novels. The writer Hall Caine sought Wilkie Collins' advice when one of his novels was dramatised without permission. "Collins was very full, very precise, and very emphatic on that subject, having paid bitterly for special knowledge over two of his own stories . . .. He was quite sure that I had not a leg to stand on, though of course he joined his wail with mine over the iniquitous law that recognised a copyright in words and none in ideas." HALL CAINE, MY STORY 332 (1908). Another notorious case was that of Mrs. Henry Wood, whose *East Lynne* was extensively pirated and dramatised.

thors who suffered in this way, and their grievances were well-publicised. The matter would continue to be pressed.

In 1864, the M.P. Adam Black, the Edinburgh publisher who held the copyright of Sir Walter Scott's novels, brought in a consolidating copyright bill which included a provision granting a dramatisation right to the author of a work of fiction.[102] The bill did not progress, however. Consolidation having proved too difficult a task, in 1866 Lord Lyttleton introduced a bill in the House of Lords with the single aim of granting novelists a dramatisation right, but it was opposed there by those who considered dramatisations legitimate because they were original in character, and it was firmly defeated.[103] In 1873, the author and theatre manager John Hollingshead staged an energetic campaign for a dramatisation right. This was prompted by a further unfavourable ruling on the subject in *Toole v. Young*. Hollingshead assembled letters from a number of prominent authors, headed by George Eliot, and published them in a pamphlet.[104] The Royal Commission Report of 1878 recommended that copyright should include a coterminous dramatisation right, but though the proposal ap-

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[102] Black may well have been alerted to the judgment in *Tinsley v. Lacy*, 32 L.J. Ch. 535 (1863). Tinsley was the publisher of Mary Braddon's novels, including the sensational and very successful *Lady Audley's Secret*. Lacy had published a dramatisation of the novel, including a quarter of the original work, using the most stirring incidents copied verbatim (the dialogue used as dialogue, narrative as stage directions). One defence put forward was that the work of Sir Walter Scott had been dramatized and printed without objection. Vice-Chancellor Wood considered that defendant's conduct infringed, and added that the author was justified in bringing an action lest she be found to have acquiesced in it.

[103] Lord Lyttleton was supported by Lord Stanhope, but opposed by Lord Taunton, Lord Granville, and the then Lord Chancellor, Lord Cranworth. There was criticism of the bill's wording, which was thought too vague. Lord Cranworth was "quite certain that its provisions would be as impossible to carry into effect as they were contrary to all reason." It was defeated 89 to 11. 164 PARL. DEB., H.L. (3d ser.), June 14, 1866, at cols. 360-364).

[104] Toole v. Young, 9 Q.B. 523 (1873–74). The case concerned the dramatisation of one of Hollingshead's own novels, which he had himself dramatised previously (although this had not been performed). There was no suggestion that the defendant had taken sufficiently from the novel to infringe: the complaint was that he had infringed the author's drama. Cockburn, C.J., noted that "The author of a novel is not protected against having his novel put into the form of a drama by different persons, and it seems to make no difference that he himself has dramatised it." Although critical of the law, Blackburn, J., agreed: "However shabby and discreditable it may seem, any person has a right to dramatise the novel." For more, see JOHN HOLLINGSHEAD, 2 MY LIFETIME 50-54 (1895).

peared in a number of unsuccessful bills, the problematic situation persisted.[105] It was not until the 1911 Act that the right took legal shape.[106]

The new dramatisation right offered a significant enlargement in copyright protection offered, and this protection has been continued in subsequent acts. Since the 1956 Act, it (like translation) has been characterised as an adaptation, and since specified adaptations are restricted acts, it is the exclusive right of the copyright owner.[107] Substantial taking of the language of the original work will still infringe the reproduction right. But even if only incidents and situations are taken, the adaptation right may now be infringed by dramatisation.[108] In practice the section has not been expansively interpreted, though, and has not been used to protect stock ideas, plot or characters.[109] In *Kelly v. Cinema Houses, Ltd.*, the author of

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105 The effect of the law was to allow performances of dramatisations which, if printed, would infringe copyright in the novel. *See* Warne v. Seebohm, L.R. 39 Ch. D. 73, (1888) which concerned the defendant's dramatisation of Frances Hodgson Burnett's highly successful novel *Little Lord Fauntleroy*. The plaintiff did not challenge the right to represent the play on the stage, but sought delivery up of the four printed copies of the defendant's dramatisation (three for the actors, one for the Lord Chamberlain and licensing purposes). Stirling, J., found that the verbatim taking amounted to infringement, and ordered that the copies be delivered up for cancellation of the offending portions.

106 Copyright under the 1911 Act included the sole right to convert a novel or other non-dramatic work, or an artistic work, into a dramatic work. The reverse situation, the conversion of a dramatic work into a novel or other non-dramatic work, was likewise protected. Copyright Act, 1911 §§ 1(2)(b), 1(2)(c). If the words of a dramatic work are copied substantially in a non-dramatic version, this will infringe the reproduction right. But the adaptation right will prevent format conversion which does not borrow the literal language, as where a series of study guides included substantial scene summaries of *Saint Joan*. *See* Sillitoe v. McGraw-Hill Book Co. (U.K.), Ltd., [1983] F.S.R. 545, 550 (Ch.). *Compare* the non-infringing opera synopses in Valcarenghi v. Gramophone Co., Ltd., [1928–35] Mac. C.C. 301 (Ch.).

107 Copyright Act, 1956 § 2(6); CDPA §§ 16(e), 21(3)(a).

108 *See* the first reported application of the new right, to protect Marie Corelli's novel *Temporal Power*. Cozens-Hardy, M.R., remarked that the plaintiff could obtain an injunction if a series of incidents in combination had been taken from her book, even though not one sentence was similar. It was found that in a sketch of six scenes there were five from the plaintiff's book. Corelli v. Gray, 30 T.L.R. 116 (Eng. C.A. 1913). The following year Swinfen Eady, L.J., said that "the situations and incidents, the mode in which the ideas were worked out and presented might constitute a material portion of the whole play, and the Court must have regard to the dramatic value and importance of what if anything was taken, even though the portion might in fact be small and the actual language not copied." Rees v. Melville, [1911–16] Mac. C.C. 168 (Ch.).

109 "The copyright protected is not the motive of the play, but the words and dramatic incidents or action in which the idea is expressed." Sutton-Vane v.

a successful play paid the plaintiff to write a novel based on the play. The play was revived some years later, and the author sold the film rights in this to the defendant. The defendant's script writer was given both the play and the novel, and produced a film scenario. The plaintiff objected that substantial parts from her novel which were not in the play had been used, thus infringing her copyright. In considering the dramatisation right, Maugham, J., acknowledged that it would be infringed when a plot had been taken "bodily," and did not think that "mere ideas" would be protected, but he clearly found it difficult to define a balance point between these extremes. Exploring the problem in the context of characters he asked:

> If, for instance, we found a modern playwright creating a character as distinctive and remarkable as Falstaff, or as Tartuffe, or (to come to a recent classic) as Sherlock Holmes, would it be an infringement if another writer, one of the servile flock of imitators, were to borrow the idea, and to make use of an obvious copy of the original? I should hesitate a long time before I came to such a conclusion.

However, he was certain that there could be no infringement if the characters or situations were not novel, regarding these as "ideas" which could

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Famous Players Film Co., Ltd., [1928–35] (Mac. C.C.) 6, 8 (C.A.) (Scrutton, L.J.). Scrutton thought the play "very excellent and original," but not infringed by the Cecil B. de Mille movie complained of. *See also* Dagnall v. British & Dominions Film Corp., [1928–35] Mac. C.C. 391 (Ch.), where the plaintiff complained that the defendant's film infringed his light romantic play about a divorcing couple. Clauson, J., considered the play and remarked, "in dealing with subject-matter of this kind, the plaintiff has undertaken a very serious onus in claiming copyright, because after all the materials for a dramatic representation of this kind are almost necessarily as old as the hills, and while an author was dealing with materials of that age it would be most remarkable if he were able to achieve such originality as would entitle him to enforce it." *Id.* at 397. Similarly, there was no infringement in *Bagge v. Miller*, [1917–23] Mac. C.C. 179, 188 (Ch.) ("Both the idea and the incidents are what I believe is known in dramatic criticism as 'vieux jeu.'").

not be monopolised.[110] Nevertheless, if what has been taken is novel, and amounts to a substantial part, there will be infringement.[111]

The 1956 Act added a further "adaptation" relevant to literary and dramatic works, and the making of a strip-cartoon version of a work is now also a restricted act.[112] It had previously been unclear whether this sort of pictorial representation amounted to an infringement. The same issues of infringement arise here as for dramatisation: copying of the work has to be shown.

Both the legal and creative status of the adaptations discussed has thus been doubtful at times. Although a successful adaptation may increase a work's audience, a copyright owner may regard adaptations with distaste. Derivative works of all types may be regarded with ambivalence. In some cases, particularly if the original work is used in a way which indicates approval or respect, the use and the publicity may be welcome. In

110 [1928–35] Mac. C.C. 362. Maugham, J., found that the film story had "in all essentials" been taken from the play, and that there was no taking of a substantial part of the original portion of the novel. His judgment was affirmed on appeal, Lord Hanworth, M.R., remarking that infringement "must be of a substantial part of the work *which the author is entitled to protect as his own*." *Id.* at 37 (emphasis added). *See also* Lord Blackburn's earlier reflections on infringement of dramatic works, particularly his observation that "an idea may be taken from a drama and used in forming another without the representation of the second being a representation from the first." He contrasted Sheridan's *The Critic*, which he considered "took the idea" from Buckingham's *Rehearsal* but did not infringe it, with *The Trip to Scarborough*, where Lord Buckingham felt that Sheridan "took so much from [Vanburgh's] *The Relapse*" that he would have found as fact that it infringed. Chatterton v. Cave, [1877–78] L.R. 3 App. Cas. 483.

111 *See* Fernald v. Jay Lewis Prods., Ltd., [1975] F.S.R. 499 (Ch.), where a four-page episode from a 126-page book was held to be infringed by a five minute episode in a film. The episode was considered to be "of some real importance" in each case, and there appears to have been evidence of copying. *Compare* MacGregor v. Powell, [1936–45] Mac. C.C. 233 (Ch.) (film about the evacuation of St. Kilda not a dramatisation of a book about the same incident), *and* De Manduit v. Gaumont British Picture Corp., [1936–45] Mac. C.C. 292 (K.B.) (two works concerning the transference of minds between characters showed striking similarities, but no copying on the facts). More recently, see Zeccola v. Universal City Studios, Inc., 46 A.L.R. 189 (Fed. Ct. 1982) (whether a film *The Great White* infringed the screenplay of *Jaws*). Although the dramatisation is commonly a play or a film, a choreographic work may also infringe. *See* Holland v. Vivian Van Damm Prods., Ltd., [1936–45] Mac. C.C. 69 (Ch.) (ballet of Oscar Wilde's story *The Nightingale and the Rose*).

112 Copyright Act, 1956 § 2(6)(iv): "a version of the work in which the story of action is conveyed wholly or mainly by means of pictures in a form suitable for reproduction in a book, or in a newspaper, magazine or periodical." CDPA § 21(3)(a)(iii).

other situations, perhaps if the work is put in an incongruous setting, or the reference to it is slighting or parodic, the copyright owner may object to its treatment. In these situations the definition of infringement will often be crucial. A short reference may not amount to a substantial part, but much will depend on the facts. Recently, two lines from a Robbie Williams song were found to infringe an earlier song lyric (itself a parody of an earlier song). The claimant had previously adopted a very conservative approach to the licensing of works which he controlled. His experience with hip-hop and rap albums which had "sampled" works was that the derivative work which resulted was generally damaging to the original work. Although he regarded the particular derivative work in question as unexceptionable, he sought and obtained an injunction in order to control future uses of the derivative work.[113]

Some countries have created a specific statutory exemption for parody, regarding it as an important art form in its own right. The United Kingdom and the United States do not have such an exception, however. The United Kingdom cases have focused on whether the parody reproduces a substantial part of the original work, although they have tended on the whole to treat the derivative work with sympathy.[114] It is possible that a parody might fall under the statutory exception or fair dealing for the purpose of criticism or review, although the matter has not been directly considered in the courts.[115] In contrast, American law clearly offers potential fair-use protection to parodies, as a form of comment and criticism.[116] First Amendment considerations are significant here, and are built into the copyright scheme both in the fair use doctrine and the idea/expression dichotomy. Fair use of a copyrighted work is not an infringement. Thus, the Mitchell Trust was unable to prevent the publication of Alice Randall's *The Wind Done Gone*, even though it appropriated numerous characters, settings and plot twists from Margaret Mitchell's *Gone With the Wind*. The derivative work was regarded as "principally and purposefully a critical statement that seeks to rebut and destroy the perspective, judgments and mythology" of *Gone With the Wind*.[117] The highly transformative nature of its use of the copyrighted elements was repeatedly stressed. Somma has described *Peter Pan* as "a testament to the desolation of adulthood in which relationships between children and adults are portrayed very nega-

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113 Ludlow Music, Inc. v. Williams, [2002] F.S.R. 57 (Ch.).

114 Glynn v. Western Feature Film Co., [1916] 1 Ch. 261; Joy Music, Ltd. v. Sunday Pictorial Newspapers, Ltd., [1960] 2 Q.B. 60.

115 Support for the proposition is to be found in *Williamson Music v. The Pearson Partnership, Ltd.*, [1987] F.S.R. 97, 103 (Ch.).

116 *See* the Supreme Court's comments in *Campbell v. Acuff-Rose Music, Inc.*, 510 U.S. 569, 579 (1994).

117 Suntrust Bank v. Houghton Mifflin Co., 268 F.3d 1257, 1270 (11th Cir. 2001).

tively," and sees her sequel as offering a more positive message.[118] It is certainly arguable that this deliberate reversal of the storyline falls within the fair use exception, as comment and criticism.

The word "derivative" indicates that the work is not original, is secondary, and has its source elsewhere. In a creative context, the label "derivative" often carries a strongly negative connotation. Yet new works which build on previous works imaginatively will be praised for so doing, and make their own contribution to the creative environment. It should therefore be remembered that the extent of the copyright owner's right to prevent adaptations and derivative works is a matter for legitimate debate, and has changed (considerably to the copyright owner's advantage) with time. Although exploitative derivations should be restrained, it is also important to ensure that future creators are not unduly restricted or censored. Works such as Somma's may be derivative, but this does not necessarily rob them of all creative worth, nor should they necessarily be characterised as infringing. It is a question of degree, and, ultimately, of policy.

VI. INTERNATIONAL COPYRIGHT AND THE FIRST INTERNATIONAL BEST-SELLER: TRILBY

Modern society has become inured to the merchandising and spin-offs that popular copyright works now inspire. It has not always been so. A sense of decorum would have restrained most nineteenth-century authors, and their audiences. Requests for autographs, photographs, and contributions to annuals were common, as were letters begging permission to reprint or perform or rework (often by setting to music) for worthy causes. But merchandising was not something that reputable authors wished to be associated with, as a rule. In 1891, Lewis Carroll was approached for permission to manufacture a biscuit tin decorated with pictures from *Alice Through the Looking-Glass*. Very doubtful at first, he was impressed by the artistry of the samples he was sent, and gave his consent. No fee was ever contemplated, but when Carroll tried to purchase 100 tins to send to his "little friends" the manufacturer offered to send them (filled with biscuits) for nothing; an offer he may have regretted when he received from Carroll the following:

> I must candidly say that I feel annoyed at the unwarrantable liberties which your people have taken with the boxes which you kindly undertook to send for me as presents to my friends.
> First, they have pasted into the lid an advertisement of somebody's biscuits. I would not for a moment have dreamed of ac-

[118] Emily Somma interview, *at* http://www.myshelf.com/babetoteen/02/somma.htm (last visited Sept. 23, 2003).

> cepting the biscuits had I foreseen that the intention was to vulgarise the boxes by turning them into advertising mediums. I have telegraphed the Works, to withdraw my acceptance of the biscuits.

Carroll had been sent a box and biscuits for his own enjoyment. He wrote that he had kept the biscuits, but was returning the box "as the advertisement, pasted in the lid, renders it useless to me."[119]

In the early days of his fame, Barrie naively agreed to an endorsement. One of his earliest works, *My Lady Nicotine* (1890), described the paraphernalia and pleasures of smoking. There Barrie praised lyrically the qualities and properties of a pipe tobacco he named "The Arcadia Mixture." Mentioning it dozens of times, he called it "a tobacco to live for." In 1894, his friend Conan Doyle added to the legend of this aromatic blend when he "revealed" that it was Dr. Watson's favourite tobacco, which Holmes famously identified by its characteristic white, fluffy ash.[120] Both authors smoked Craven Mixture, a blend of cool and aromatic tobaccos created in the 1860s by Don Jose Joaquin Carreras, a descendant of medieval Spanish apothecaries, for the third Earl of Craven. In 1897, a successor of this tobacconist wrote to Barrie, apparently to enquire whether he could believe the rumours that these two blends were the same. Barrie replied:

> In answer to your letter, it is your Craven Mixture — and no other — that I call Arcadia in *My Lady Nicotine*. I see no objection to your announcing this if you want to do so.

This acknowledgment, and quotations from the essay, were thereupon widely used in advertisements, and the endorsement was printed on the pink labels of every tin. It is said that Barrie so hated the publicity which followed that he stopped smoking the blend entirely.[121] Famous British authors would have been accustomed to dealing with considerable quantities of correspondence from the public. They would have expected to be asked for permission before their works were exploited in this sort of way, as a matter of courtesy, not law. If they disliked the associations which they felt a request carried, they would have felt entirely justified in refus-

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[119] Letter from Lewis Carroll to Charles Manners (Sept. 7, 1892), *in* 2 LETTERS OF LEWIS CARROLL, *supra* note 14, at 297. The tins were eventually sent out, with biscuits, but unsullied by advertising matter.

[120] Sir Arthur Conan Doyle, *The Crooked Man*, *in* THE MEMOIRS OF SHERLOCK HOLMES (1894).

[121] Letter from James M. Barrie to J.J. Carreras (Jan. 18, 1897), *in* LETTERS OF J.M. BARRIE 34 (Viola Meynell ed., 1942). DENIS MACKAIL, THE STORY OF J.M.B. 257-58 (1941). There is no suggestion that Barrie was paid, even in tobacco.

ing their consent. In the light of Barrie's clear acquiescence, though, Carreras can hardly be blamed.

However, towards the end of the century, it became less easy to exercise this sort of cultural control.[122] The market for books was increasingly global, and popular success of a different order became possible. For British authors, the passing of the 1891 United States Copyright Act altered radically the legal context in which their works could be exploited. Simultaneous publication now secured copyright in both Great Britain and the United States, something which offered increased security in the marketplace not only to the author, but also to the publishers in both countries. One of the first works to show how extensive these rewards could be was George Du Maurier's *Trilby* — the title of which spawned dozens of trademark applications, the correct category of registration for which perplexed the Court of Appeal in *Holt and Co.'s Trade Mark*.[123] Du Maurier was best known as an artist, whose caricatures for *Punch* were widely recognised. He began writing only at the end of his life, when his vision was failing. *Trilby* was his second novel, and he sold it outright to the New York publishers Harper and Brothers for $10,000. The heroine is the beautiful Trilby O'Ferrall who works as an artist's model in the Latin Quarter of Paris, where she falls under the evil hypnotic powers of the pianist Svengali, who transforms the formerly tone-deaf girl into a virtuoso soprano. Harper's serialised the novel in *Harper's New Monthly*, where its exotic combination of elements and its sexual innuendos sent the magazine's circulation rocketing.

The publication of the book version was somewhat delayed by a lawsuit by the artist James McNeill Whistler, who alleged that he was slanderously caricatured in the story: the (minor) character had to be altered, as was an offending drawing. But it all generated great publicity, assisted by the return to the text of some passages originally considered too racy for publication.[124] By February 1895, *Trilby* had sold 200,000 copies in book form in America. The American writer Paul M. Potter adapted the novel for the stage, and his melodramatic dramatisation was a tremendous hit in the United States. The English actor-manager Herbert Beerbohm Tree

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122 The famous copyright lawyer E.J. MacGillivray published what must be one of the earliest articles on the subject of character protection, and he struggled to find any authorities to discuss. Interestingly, whatever the strict legal position, he clearly regarded the use of another author's characters — whether in a new work or for merchandising — as an abuse. *Property in Characters of Fiction*, THE AUTHOR, Oct. 1929, at 6-8.

123 [1896] R.P.C. 118 (discussed *supra*).

124 Du Maurier's original intentions were revealed in a letter to Henry James: "Illuminent en gros et en détail. Lampions anti-cléricaux. Spécialité d'éclairage moral. Nudité – chasteté &c &c voir 'Trilby,'" *quoted in* LEONÉE ORMOND, GEORGE DU MAURIER 442 (1969).

saw it in New York, bought the English rights, and put it on in London, with himself as a superbly histrionic Svengali. Its London opening was attended by the Prince and Princess of Wales, and its success contributed enormously to Trilby's fame in England. Beerbohm Tree had assigned the provincial rights to another, and was outraged to discover that he had no standing to prevent the unauthorised performances which were mushrooming around the country.[125]

Meanwhile, America was gripped by "Trilbymania" as it became known. Harper's tried to suppress publication of various parodies (*Biltry*, *Drilby Re-versed*, *Thrilby*), and fought hard against numerous unauthorised dramatic productions. The defence in many of these cases was that Du Maurier was a plagiarist — since he had taken the name Trilby from a fairy tale (*Trilby ou le lutin d'Argail*) published by the French writer Charles Nodier in 1822.[126] In an early case, The Lyceum Stock Company of Denver, Colorado, therefore argued that the title and the book had been "common property" for seventy-five years. There was no substance in the plagiarism charge, as the texts were utterly different and Nodier's Trilby was male; the performances were restrained by injunction, but it all added to the excitement. When one Elmer Chickering sold photographs he had taken of the Boston production, Harper's telegraphed to say that they regarded the sale of any such pictures as an infringement of their copyright, because the characters were made up after Du Maurier's own drawings: Chickering responded robustly that the photographs were not copies of any drawings, but were of actual scenes on the stage "which any man might sketch." A plot to print half-a-million pirate copies of *Trilby* for quick sale in the Midwest was discovered before it could be executed. There were Trilby impersonators, too, which again Harper's restrained legally when it could.[127] Sales of the book and box-office receipts

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125 Tree v. Bowkett, 74 L.T. 77, 12 T.L.R. 181 (Ch. 1896). The action was founded on a claim under the 1833 Dramatic Copyright Act, 3 & 4 Will. V, c. 15 (Eng.), which gave performance rights in dramatic works — the relevant work being Beerbohm Tree's adaptation of Potter's dramatisation, rather than Du Maurier's novel. Correspondence in the *Times* followed (16, 17, 18 Apr. 1896), and since the Society of Authors was in the process of drafting a copyright bill, dramatisation rights for novels were added to its wish list: G.H. Thring, *Recent Attempts at Copyright Legislation*, 63 FORT. REV. 461, 467 (1898). The bill did not pass.

126 The name of another character, "Little Billee," was taken from a lyric by Thackeray, one of Du Maurier's favourite authors. Both "takings" Du Maurier freely acknowledged. One particularly extravagant rumour alleged that that the *Trilby* drawings were not by Du Maurier, but by his wife or daughter.

127 *The Critic* gleefully catalogued the often bizarre details throughout 1895–96. *Thrilby* was an operatic burlesque, in which the villain "Spaghetti" mesmerised tables and chairs. *See also* JOSEPH B. GILDER & JEANETTE L. GILDER,

were said to have brought in $1 million by the end of 1895. Generously, Harper's rewrote the original agreement, returning the dramatic rights to Du Maurier, and granting him a royalty on sales.

At its height, "Trilbymania" attached to almost anything. In the novel, Trilby was particularly known for her beautiful feet, so Trilby shoes abounded: the word was registered as a mark in America in 1895.[128] One Broadway caterer sold ice creams in the shape of Trilby's foot: there were also Trilby sausages, hams, sweets, toothpaste and a kitchen range. A railway town in Florida was re-christened Trilby, with a lake and all the streets named after characters in the book. Such exuberance makes Holt and Co.'s choice of ladies' aprons look rather tame in contrast. The moral implications of *Trilby* provoked heated discussions in newspapers and magazines, even sermons, in which those fighting over Trilby's honour often seemed to lose a grasp of "reality." The boundaries between real and fictional, between original and copy, were certainly tested here.

The craze gradually faded after Du Maurier's death in 1896, but the phenomenon stands as an extraordinary early example of a blockbuster. *Trilby*'s ability to generate not just primary sales, but also publicity and revenues from secondary rights, was unprecedented. Note, though, that the benefits did not all accrue to the author, or to the copyright holder. The scale and nature of *Trilby's* exploitation was viewed by Du Maurier with increasing cynicism and distaste, particularly as it exposed him to innumerable letters, interviews and intrusions which he found intolerable. Henry James, to whom Du Maurier had apparently first outlined the plot of *Trilby*, wrote an obituary essay which emphasises the effect on his friend:

> What I see certainly is that no such violence of publicity can leave untroubled and unadulterated the source of the production in which it may have found its pretext. The whole phenomenon grew and grew til it became, at any rate for this particular victim, a fountain of gloom and a portent of woe; it darkened all his sky with a hugeness of vulgarity.[129]

Although *Trilby* may have been the original "best-seller," it was only the first of many such successes, of which *Peter Pan* was another. Coincidentally, five of Du Maurier's grandchildren were later to serve Barrie as

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TRILBYANA: THE RISE AND PROGRESS OF A POPULAR NOVEL (1895); L. Edward Purcell, *Trilby and Trilby-Mania*, 11 J. OF POPULAR CULTURE 62-67 (1977); LEONÉE ORMOND, GEORGE DU MAURIER 462-77 (1969).

[128] OFFICIAL GAZETTE (U.S. Patent Office) 16 Apr. 447/1 Boots, shoes and lasts. S. Weil & Co., New York. . . "Trilby." Essential feature – the word "Trilby." Used since October 1, 1894.

[129] Henry James, *George Du Maurier*, 34 HARPER'S NEW MONTHLY MAG. 594, 607 (1897).

the models for "Peter Pan"; these included the eldest, George, named after Du Maurier, and Peter, named from Du Maurier's final novel *Peter Ibbetson*. Du Maurier's son Gerald (the boys' uncle) became an actor, and played the dual role of Captain Hook and Mr. Darling in the first production of the play in 1904. Questions of attribution and control would continue to trouble those involved.

VII. THE CREATION OF "PETER PAN"

Although Barrie is now associated almost exclusively with *Peter Pan*, this scarcely reflects the range and volume of his work. In his own time he was hailed as a genius, maintained a high public reputation throughout his writing career, and became President of the Society of Authors. His modern critical standing is low, however, and few outside amateur dramatic companies remember even the names of any of his other plays, excepting perhaps *The Admirable Crichton*. Although famous in his own time as a dramatist, Barrie began his writing career as a journalist, and became known particularly for his sketches of Scottish life, the *Auld Licht Idylls*. Five volumes had appeared under his name by the time that the United States Copyright Act 1891 came into force.

In early 1892, Barrie's first full-length play opened in London and ran for over five hundred performances. A further play opened very successfully in New York later in the year, and his reputation continued to develop on both sides of the Atlantic. His American publisher, Charles Scribner, proposed a new edition of his works, with revised texts and prefaces, to take advantage of the new copyright law. In 1896, Barrie first visited America, where the success of two further novels ensured him an enthusiastic welcome. There he met Charles Frohman, one of the most powerful theatre managers of his time, who agreed to put on a dramatisation of Barrie's novel *The Little Minister*. It opened in New York in 1897, with the new star actress Maude Adams, and broke box office records. The London production was similarly successful, bringing Barrie great critical and financial success, and confirming him as an established author. 1897 was also the year whose events which led to the creation of the character "Peter Pan."

Barrie and his wife lived near Kensington Gardens, and on their regular walks there frequently met two striking boys, aged five and four, who were accompanied by their nurse, pushing the smallest brother in his perambulator. These three boys were George, Jack and Peter Lewellyn Davies. Barrie had already made friends with them as a result of these accidental outdoor meetings, but the families became close after the Barries met the Davieses at a New Year Party. Soon afterwards, Barrie began making notes for what became *The Little White Bird*, a story closely modelled on his developing relationship with the Davies family. Barrie is thinly

disguised as the narrator, Captain W., who acts as mysterious benefactor to the family central to the story, and tries to win the affection of their child David (easily recognised as George) in an attempt to assuage his paternal longings for "Timothy," the child he never had. The book contains a long digressive episode in which "Peter Pan" first appears, in a story originally devised in order to explain to George the arrival of his brother Peter. The novel was not published until 1902, by which time there was a fourth boy, Michael, and Barrie was a constant presence in the Davies family. A fifth and final brother, Nico, was born in 1903. The Barries now had a country retreat called "Black Lake Cottage" and long summer holidays with the boys there provided more material for what would become the play *Peter Pan*. Barrie's very successful career as a dramatist continued both in England and in America, where Frohman continued to produce his work.

An early draft of *Peter Pan* was first read to Beerbohm Tree in April 1904. The great actor-manager who had so successfully produced *Trilby* not only turned it down, but wrote to Frohman to warn him that Barrie had "gone out of his mind."[130] The original manuscript is headed "Anon. A Play.," though Barrie also referred to it as *Peter and Wendy*, and *The Great White Father*. Barrie was so concerned to see it staged that he offered Frohman a second play to compensate for the likely commercial failure of his "dream-child."[131] Beerbohm Tree's anxieties stemmed partly from the extraordinarily lavish sets required, and the huge cast (including a menagerie of animals), several members of which were required to execute flying movements of a complexity never before achieved on stage. Also, the play itself mixed styles in a way which approached the idiosyncratic, and was full of private jokes and references to the Davies family. Even so, Frohman loved it. It was Frohman who saw Peter as the central character. Barrie had originally envisaged Maude Adams as Wendy, but he accepted Frohman's suggestion that she should play Peter. The title thus became *Peter Pan*. Since Maude Adams was engaged elsewhere, Frohman embarked on a West End production first (with Nina Boucicault

130 One wonders whether Beerbohm Tree regretted his reaction. Barrie nevertheless gave him a "role" in the earliest staged performances of the play, in an "impersonation" scene devised to disguise an unavoidable delay. Gerald Du Maurier, dressed in full Captain Hook regalia, emerged from a sedan chair to give a series of astonishing imitations of famous actors — including Beerbohm Tree in his legendary role as Svengali. The ironies are multiple and delicious. Also in the first cast (as Mrs. Darling) was Dorothea Baird, who had created the part of Trilby (to Beerbohm Tree's Svengali). ROGER LANCELYN GREEN, FIFTY YEARS OF PETER PAN 86 (1954).

131 ANDREW BIRKIN, J. M. BARRIE AND THE LOST BOYS 104 (1979); ISAAC MARCOSSON & DANIEL FROHMAN, CHARLES FROHMAN: MANAGER AND MAN 169 (1916).

as Peter), and rehearsals began under conditions of strict secrecy. Not even the actors knew the title or the whole story, being given only the pages necessary for their parts. Frohman spared no expense in the staging, but the extraordinary sets and mechanical gear drove the stage hands to distraction, and caused a postponement of the opening. Nonetheless, *Peter Pan* was received with delight and enthusiasm in London, running for 145 performances before Frohman, who had intended it as a Christmas entertainment, took it off — although he pledged to revive it as long as the public cared to see it.

In 1905, Maude Adams brought Peter to the American public. The play's astonishing reception there dwarfed its success in London. After the longest single engagement in the history of the Empire Theatre in New York, the play toured the entire North American continent. Over the next twenty years over two million people saw Maude Adams' performance as "Peter Pan," who seemed to have captured the imagination of the continent:

> It became a nation-wide vogue. Children were named after the fascinating lad Who Never Would Grow Up; articles of wearing-apparel were labeled with his now familiar title; the whole country talked and loved the unforgettable little character who now became not merely a stage figure, but a real personal friend of the American theater-going people.[132]

The play was revived in London every Christmas, and Barrie would always attend rehearsals, occasionally adding a remark made by one of the boys during the year. A line was added "at the request of parents" to indicate the impossibility of flying without fairy dust, so many children having "gone home and tried it from their beds and needed surgical attention."[133] On the last night of the 1907 season Barrie added an act explaining what happened when Wendy grew up — Peter flew away with her daughter Jane, and in this way could go on "for ever and ever."[134] This scene appeared in *Peter and Wendy*, a version of the story in novel form, published in 1911. The real "Darling" family was by then sadly changed: the boys' father had died in 1907, and their mother in 1910. Barrie had divorced his wife in 1909. He had ample means to look after the boys, as their mother had wished him to, and was desperate to do so. All five were adopted by him, and he was a generous and devoted guardian.

During this time, Barrie continued to work on other dramatic works, many of them very successful. He was fascinated with cinematography,

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132 MARCOSSON & FROHMAN, *supra* note 131, at 171.

133 *Dedication*, *in* PETER PAN xi-xii (1928).

134 It was entitled *An Afterthought*. *See* BIRKIN, *supra* note 131, at 163-64.

and experimented with it himself, hoping to use it in a music hall revue.[135] *Peter Pan* opened for its tenth revival in December 1914, as the eldest boy, George, prepared to leave for the Western Front. He was killed the following March. Barrie's glittering revue *Rosy Rapture* opened seven days later nevertheless, though it was widely considered a disaster. Summoned from New York to salvage it, Frohman was killed when the *Lusitania* was torpedoed. Barrie buried himself in work, and continued to write a play almost every year, the run culminating in 1920 with the critically acclaimed *Mary Rose*. Another play was in hand, but writing stopped abruptly after Michael's death, drowned while bathing at Oxford. Barrie wrote very little after this.

Frohman's death had the result of affecting America's view of *Peter Pan* profoundly. Maude Adams did not play the role after 1915, and the play was not seen again in New York until Christmas 1924. This revival was a moderate success only. It coincided with the release of the first and only silent film of *Peter Pan*, which was released in London in January 1925. Barrie had turned down an offer of £2,000 (as an advance on royalties) in 1912, and did the same to an offer of £20,000 in 1918.[136] The film rights to all his works were sold the following year (to what became Paramount Pictures) for several times this sum. He wrote his own film scenario, intended for the silent screen, which was sent to Paramount for use when the film was finally made in 1924. Very little of it was used, though Barrie was involved in the editing to some extent. The American movie was praised in London, although it was essentially a film of the play, and Barrie was disappointed that it did not make much of the new cinematographic medium.[137]

The play began to tour America regularly again, in various productions, and it became popular with repertory and amateur companies all over the English-speaking world. In 1950, a "musical" production opened in New York, re-scored (with five new songs) by Leonard Bernstein, with Jean Arthur as Peter Pan and Boris Karloff as Hook. The script though, was hardly altered, and the producers were acutely aware of the tradition in which they followed.[138] It was this fidelity to the play which led to Je-

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135 In 1915, Barrie made a half hour film called *The Real Thing at Last* — a parody of *Macbeth*.

136 Letters from James M. Barrie to his agent R. Golding Bright (Oct. 31, 1912, Dec. 4, 1918), *in* LETTERS OF J.M. BARRIE, *supra* note 121, at 60-61.

137 During the editing, Barrie wrote: "so far it is only repeating what is done on the stage, and the only reason for a film should be that it does the things the stage can't do." *Id.* at 201. Barrie's own scenario sought to make the most of the new visual possibilities of the medium, and he seems to have relished the challenge of keeping the subtitles to a minimum.

138 The producers were John Burrell and Wendy Toye. Toye wrote, "I don't think you could have been appalled with the New York production, it was done

rome Robbins' departure from the project, and he was later to produce the famous 1954 Broadway musical version, starring Mary Martin. This production was so popular that it was filmed for television, and broadcast repeatedly world-wide. Particularly in America, many people have come to associate this musical (or subsequent productions of it) with *Peter Pan*, even though the original storyline is considerably adapted to accommodate the needs of the musical genre.

The 1953 Walt Disney cartoon film of *Peter Pan* was also a radical departure from the text, and less dark in feel than the play, although many critics admire it for its brilliant rendering of the Peter Pan "myth." Whatever its artistic merits, the success of the cartoon (and the merchandising campaign associated with it) meant that there were significant financial interests to protect. By a peculiar irony, disagreements over the film rights eventually led Walt Disney to object to the use of the name "Peter Pan" by the very body to which Barrie had bequeathed all the rights in his creation — the Great Ormond Street Hospital for Sick Children, London.

The roots of the dispute can be traced to Barrie's earliest assignments of his rights. In 1916, the year following Frohman's death, he granted Charles Frohman, Inc. (now run by Frohman's brother Daniel) sole rights, for five years, to produce a number of his plays in North America. In 1919, Barrie entered into an agreement with the English company, Famous Players Film Co., Ltd., granting an exclusive licence of the film rights in all his literary and dramatic works, written and unwritten. It was stated to entitle the company to acquire copyright in all countries of the world where copyright existed in the films. However, the terms of the agreement give an indication of the strength of Barrie's bargaining position, by means of which he retained considerable control over the exploitation of his works, most particularly *Peter Pan*. The agreement specified that Famous Players had to announce the films by the name of the work of the author upon which they were based. The company was given permission to use lines or excerpts from the works for the titles and sub-titles — a matter of obvious importance in silent films, which at that time were the only films. The film scenario was subject to Barrie's approval, and he had the right to approve the actress playing the title role. The benefit of the agreement was not assignable without the written permission of the author, and later in 1919 Barrie consented to its being assigned to Famous Players-Lasky Corp., an American company which eventually assumed the name of Paramount Pictures. $100,000 was payable to Barrie on the signing of the agreement, and a further $100,000 before the release of *Peter Pan*, which was not to

with great, great respect and love. For my part, I love the play so and am such an admirer of Barrie, that if anyone was going to be shocked by it, then it would have been me," *quoted in* GREEN, *supra* note 130, at 166.

happen without the written permission of the author during his lifetime. The assignment was made in 1925.

In 1929, Barrie assigned the copyright in all the Peter Pan works to the Hospital for Sick Children, Great Ormond Street. The Hospital had formed a fundraising committee in an attempt to buy the site of the nearby Foundling Hospital (which was moving to the country), and approached a number of eminent people. Barrie refused to serve on the committee but indicated that he might find another way to help the Hospital. He had apparently known the Hospital for many years, since his first lodgings in London were very nearby, and it has been claimed that this building served as a model for the Darlings' nursery in *Peter Pan*.[139] The fundraising appeal apparently only accelerated Barrie's generosity, as he had intended to leave the rights to the Hospital in his will. His gift included not just the play, but also *Peter Pan and Wendy*, *Peter Pan in Kensington Gardens*, and *The Little White Bird*, as well as various versions of the story retold for different audiences. Under the terms of the gift the Hospital did not have the power to sell the copyright, but otherwise was to have all the powers of an absolute owner, and in particular to grant licences and make other contracts for the exploitation of the works by reproduction or performance in any form or by any means whatsoever.

In 1932, Paramount reassigned to Barrie all their rights in his literary works, other than those which had already been used to make a motion picture. This included the 1925 *Peter Pan* silent film. In his will, made shortly before his death in 1937, Barrie bequeathed the performing rights in the play *Peter Pan* to the Hospital, and all his retained rights and interests in the Peter Pan works. Thus the Hospital obtained the entire copyright of these works, with the exception of the rights granted by the 1919 agreement. In 1938, the Hospital consented to the assignment of the 1919 agreement from Paramount to Walt Disney, and Paramount thereupon assigned all their motion picture rights in the Peter Pan works to Walt Disney. In 1939, the Hospital granted Walt Disney a sole licence to make and exploit animated cartoons based on the Peter Pan works, for the full term of the copyright. The agreement also provided that the Hospital would not exercise or sell any motion picture rights in the works for the same term, although Walt Disney agreed that it would not object to the making of an ordinary motion sound picture exclusively with living actors, as long as it

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139 Jules Kosky & Raymond J. Lunnon, Great Ormond Street and the Story of Medicine 36 (1991). Barrie's first recorded gift to the Hospital was in 1908. His friend the Earl of Wemyss was chairman of Great Ormond Street from 1922–27. The Earl's daughter, Lady Cynthia Asquith, was Barrie's secretary from 1918 until his death, and was made one of his literary executors under the terms of his will.

was not exhibited within ten years of the world premiere of a Walt Disney animated cartoon. For this licence Walt Disney Enterprises paid £5,000.

The Second World War (and studio strikes) delayed the production of the cartoon, but it was eventually made, and shown by Walt Disney at a world premiere in 1953. In 1964, the ten-year period having expired, the Hospital began negotiating a licence for an ordinary motion picture to be called "Peter Pan," with Audrey Hepburn in the title role.[140] The negotiations reached an advanced stage, and apparently a draft agreement was about to be signed under which the Hospital would have received £5,000 for a twelve-month option, £45,000 on the exercise of that option, plus 10% of certain receipts from merchandising rights, and 5% of the producers' share of the net profit from the film. As soon as Walt Disney became aware of these negotiations, it objected to the production of any film with that title, or any title confusingly similar, relying on the rights it had acquired from the Hospital, and the title registration scheme run by the Motion Picture Association of America.[141] Faced with threats of legal action, the producers withdrew from their negotiations with the Hospital. The Hospital sought to rely on the 1939 agreement, and issued a writ claiming a declaration that Walt Disney had no right to object to the proposed motion picture, and a corresponding injunction. These were granted at first instance, Buckley, J., also holding that the defendants were in breach of contract and ordering an inquiry as to damages.[142]

Walt Disney appealed, initially against the entire order, but later admitted its breach of the agreement, and confined itself to arguing that the court should not grant an injunction against an American corporation because it had no means of enforcing the judgment. The Court of Appeal had little difficulty in disposing of this objection, a far more interesting point (although entirely *obiter*) being the extent of the 1919 licence —

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[140] The film was to be produced by Hepburn's then-husband, Mel Ferrer, and directed by George Cukor (who had directed *My Fair Lady*).

[141] Paramount had registered the title "Peter Pan" for the 1925 silent film, and in 1938 had transferred the benefit of that registration to Disney. Thus, Disney was entitled to the protection afforded by the scheme, which was binding contractually on participants. Although the Hospital was not a member of the scheme, all the major producers and distributors were, so, in practice, Walt Disney could have prevented any commercial release of a rival film in America if it chose to insist on its rights under the scheme. This it could scarcely do in breach of its contract with the Hospital.

[142] Hosp. for Sick Children (Bd. of Governors) v. Walt Disney Prods. Inc., [1966] 1 W.L.R. 1055 (Ch.). The Hospital had previously sought an interlocutory injunction to restrain Walt Disney's advertising of the cartoon, claiming that it was calculated to lead people to think that Walt Disney was about to release an ordinary sound motion picture. The Hospital lost this initial skirmish. *See* Hosp. for Sick Children (Bd. of Governors) v. Walt Disney Prods., Inc., [1966] F.S.R. 5 (Ch.).

whether its wording covered both silent and sound films, or merely silent films. The majority (Lord Denning, M.R., and Harman, L.J.) construed the agreement as covering only the one silent film of *Peter Pan* which was made in 1925. Since his views would necessarily be *obiter*, Salmon, L.J., preferred to express no concluded opinion on the point, but he did convey considerable hostility to the defendants' conduct:

> No doubt the defendants also realised that they had promised not to object and that by breaking their promise they would be causing very serious financial loss to a hospital for sick children. Nevertheless, the defendants deliberately broke their promise .... It seems to me, however, that by deliberately breaking their agreement with the hospital, the defendants fell far below the generally accepted standards of commercial propriety. I cannot believe that the man whose name it bears approved of this conduct.[143]

It was a comprehensive and embarrassing defeat for Disney.

The Hospital has continued to protect its interests by legal action where it considers it necessary. In 1979, Melody Fare Dinner Theatre presented *Peter Pan The Magical Musical*, written by Ardith Cavallo, without seeking a licence from the Hospital. The Hospital brought an action in the United States. The play *Peter Pan* had been copyrighted in the United States in 1928, although the copy deposited there could not be found by the Copyright Office. The Court noted that there had been 1500 productions and 8500 licensed productions of the play in the United States since that time, that the musical version of the play had grossed over $3 million in the preceding ten years, and that the current production had grossed over $900,000 even before opening on Broadway. Comparing the defendants' work with the copyrighted play, the court found that there were "striking and substantial similarities," and that it was "manifestly a 'piratical composition' . . . as to plot, theme, setting and characters."[144] The de-

[143] Hosp. for Sick Children (Bd. of Governors) v. Walt Disney Prods., Inc., [1968] Ch. 52, 76. Walt Disney died in December 1966, and had been ill for most of the year. 1964 had seen the phenomenal success of Disney's *Mary Poppins*, in which Walt Disney had been closely involved personally.

[144] Hosp. for Sick Children, Great Ormond St., London v. Melody Fare Dinner Theatre, 516 F. Supp 67, 71 (E.D. Va. 1980). "There are slight differences and variations, but the cast of characters in both includes Peter Pan, Michael, Mr. and Mrs. Darling, John, Wendy, Tinker Bell (Tinkerbell in defendants' work), Slightly Soiled (Slightly (Damp) in defendants' work), Nibs (Nip in defendants' work), Captain Hook, and Smee (Shmee in defendants' work). Each work begins with Mrs. Darling putting her children to bed at night. The theme and plot of both includes the following elements: Peter Pan, the boy who flies, appears at the window after Mrs. Darling has left; his shadow is a detachable thing; his saying he will never grow up;

fendants argued that *Peter Pan* was merely an amalgam of characters from earlier works by Barrie, principally *The Little White Bird*, and that these characters were in the public domain.[145] Given the very close similarities between the defendants' work and *Peter Pan*, and the fact that many of the characters did not appear in *The Little White Bird*, the court did not accept this argument. The book *Peter and Wendy* (where these characters and incidents did appear) was not relied on, somewhat surprisingly.[146] However, the evidence of direct copying from the play itself seems to have been overwhelming, which would have been sufficient for a finding in the plaintiffs' favour. The court also found a violation of the Lanham Act, holding that the words "Peter Pan" were associated in the minds of the consuming public with the good will in Barrie's works, and that the defendants' use of the title was likely to create confusion. This finding warranted injunctive relief.

Never Land; the lagoon; the crocodile who had swallowed a clock and who had eaten the hand of Captain Hook, the pirate; the lost boys; fairies and mermaids; the fairy Tinker Bell; Wendy as the pretend mother; sewing on Peter's shadow; Captain Hook's desire for revenge against Peter Pan for causing the loss of his hand to the crocodile; the pirates poisoning the medicine (a cake in defendants' work) which Tinker Bell drinks (eats); the kidnapping of the children by the pirates; the fight between Peter Pan and Captain Hook; the rescue of the children; and the return of the children to the nursery where the story began." *Id.*

145 Since *The Little White Bird* was published in 1902, copyright in it would have expired in 1958: the term under the then governing statute, the 1909 United States Copyright Act, was a maximum of fifty-six years (twenty-eight years renewable for a further twenty-eight years). The 1976 United States Copyright Act extended the term to the author's life plus fifty years. The new term applied to all works not published by its effective date. Published works still in copyright at that date were granted a term of seventy-five years from publication. Thus, the copyright in *Peter Pan* (published 1928), which would otherwise have expired in 1984, was extended until 2003 (although this did not affect the outcome of the *Melody Fare* case). Barrie's decision to delay publication of the play was an extremely lucrative one. The 1998 Copyright Term Extension Act increased the term again. Works with subsisting copyright published before its effective date were granted a term of ninety-five years from publication. 17 U.S.C. §§ 302–304 (2000). The U.S. copyright in *Peter Pan* expires in 2023.

146 The court expressed itself unpersuaded by Cavallo's assertions that she thought she was entitled to publish without a licence because of the "public domain" character of the theme, particularly since the research which revealed the facts on which she later sought to rely was not conducted until after she was sued. The court found that Cavallo's infringement was wilful, and increased the damage award against her to $10,000 (the basic damages being $2,500). The court may have been influenced by the fact that the Corporation which owned and operated the Theatre had filed for bankruptcy.

The Hospital relies on this case (amongst others) to support its view that Somma's book infringes the Peter Pan copyrights, although Somma's book seems to be more a sequel than a direct adaptation of this nature. Somma has said that she intended to write "something that captured and nurtured the spirit of Peter."[147] One difficulty for anyone seeking to use the Peter Pan works is identifying and locating that spirit.

VIII. J.M. BARRIE'S PETER PAN

In one sense all attempts to capture Barrie's "Peter Pan" will be futile. It is even impossible to regard any text of *Peter Pan* as entirely definitive. It was much amended before and during its first 1904 performances, and Barrie always revised the text slightly for each revival, perhaps adding a new line inspired by one of the boys during the year. The script for the original American production was tailored a little, to refer to the Stars and Stripes rather than the Union Jack for instance, and there were other small details intended to please Frohman. Barrie insisted on fidelity to his script, and would object if actors tried to make changes to their lines. It remained unpublished in play form for almost twenty-five years.

Just as the play's title had changed, so did the title of the book. This was first published in 1911 as *Peter and Wendy*, illustrated by F.D. Bedford. But it was renamed *Peter Pan and Wendy* in Barrie's lifetime, in the 1921 edition with Mabel Lucie Attwell's pictures. When it appeared again in 1951, this time with illustrations by Norah S. Unwin, it had become simply *Peter Pan*. Barrie allowed the production of the illustrated *Peter Pan Keepsake*, a short synopsis of the story illustrated with many photographs, which was sold in the theatre from 1907. A similar publication on a smaller scale was called *The Peter Pan Picture Book*. These were little more than souvenir programmes. Perhaps surprisingly, given his possessiveness with the play script, Barrie authorised other re-tellings of the story, including versions with simplified language and grammar for use in schools. He was also willing to develop aspects of the story himself. In 1925, he wrote *Jas Hook at Eton, or The Solitary*, elaborating and justifying Captain Hook's final words, "Floreat Etona," as he leaps from the ship into the mouth of the waiting crocodile. The following year another story, *The Blot on Peter Pan*, was published in an anthology for children.[148] In it a child writes a curtain raiser for *Peter Pan* and has it performed when the playwright is absent: it proves so successful that the audience deserts the main play. This questioning of the relationship between author, character

[147] Emily Somma interview, *supra* note 118.

[148] The Hook story was intended for an anthology of short stories but it was in fact delivered as a speech to the First Hundred at Eton, 7 July 1927, and published in *The Times*. "The Blot on Peter Pan" was written for Cynthia Asquith's collection of stories *The Treasure Ship* (London 1926).

and audience continued in Barrie's long preface to the first edition of the play, which finally appeared in 1928.

Barrie here dedicates the play "to the Five," and begins with what almost amounts to a denial of authorship, confessing that he has no recollection of having written it. Describing how he attempted to render their joint experience into literary form, Barrie signals the difficulty of the task, but nevertheless assesses his own attempt with a starkness that is almost merciless. Then, having undermined the significance of his own role in the play's creation, Barrie questions his entitlement to the rights in it:

> I suppose I always knew that I made Peter by rubbing the five of you violently together, as savages with two sticks produce a flame. I am sometimes asked who and what Peter is, but that is all he is, the spark I got from you.
>
> What a game we had of Peter before we clipped him small to make him fit the boards . . . . What was it that eventually made us give to the public in the thin form of a play that which had been woven for ourselves alone? Alas, I know what it was, I was losing my grip. One by one as you swung monkey-wise from branch to branch in the wood of make-believe you reached the tree of knowledge . . .. In these circumstances, I suppose, was begun the writing of the play of Peter, so much the insignificant part of him. That was a quarter of a century ago, and I clutch my brows to remember whether it was a last desperate throw to retain the five of you for a little longer, or merely a cold decision to turn you into bread and butter . . . . I talk of dedicating the play to you, but how can I prove it is mine? How ought I to act if some other hand thinks it worthwhile to contest the cold rights? Cold indeed they are to now, and Peter is as far away in the woods as that laughter of yours in which he came into being long before he was written down.[149]

Barrie transferred the rights to the Hospital the following year. One senses that they had ceased to bring him much pleasure.

The spirit of "Peter Pan" was thus always elusive. His identity survives every change of actress, every change of medium, but his image has lost sharpness in the century since his creation. In 1909, Barrie commissioned a sculpture of "Peter Pan" from Sir George Frampton, giving him photographs of Michael to work from. It appeared in Kensington Gardens in 1912, and many, including Barrie were dissatisfied with the "like-

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149 The version of the preface quoted here is an unpublished draft. *See* Birkin, *supra* note 131, at 119-20. It varies slightly but tellingly from the text of the published preface.

ness."[150] Similarly, the endless debates as to which actress has been the best "Peter Pan" indicate not only that there is perceived to be an ideal comparator (in Neverland?), but that there are many who consider themselves to have a right (at least an emotional one) to an opinion. These are disputes over literary ownership and possession.

IX. PETER PAN IN OTHER HANDS

Inevitably, the transfer of rights to the Hospital brought changes: though these were subtle at first, Barrie noticed them. The 1929 Christmas season was inaugurated with a special performance there of some of the play's nursery scenes. It was to be the play's last season in its traditional theatre setting, however: it was moved to the vast Palladium, which could accommodate greater audiences and thereby produce greater revenue. It now became a charitable action to go to the play or buy the book, and aspects of the Hospital's own powerful image became blended in the public's mind with *Peter Pan*:

> Farewell, after this next Christmas, to *Peter Pan* as its own generation knew it. It was earning much-needed funds for sick children now, and would go on earning them in more ways than one. But the queer and sad thing is that it only really became commercialised after the author had given it away.[151]

The Hospital, of necessity, had been associated with fund raising from its inception. A previous literary benefactor was Charles Dickens, who publicised the 1852 opening of the Hospital in his journal *Household Words*, and later gave a public reading of *A Christmas Carol* when the Hospital was facing a financial crisis in 1858: the money raised (almost £3,000) was enough to buy the house next door and double the number of beds. The Hospital had welcomed the general public for visits of inspection from its beginning, finding it an excellent method of attracting support and good publicity. The endowment of cots was an established

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[150] He complained that "It doesn't show the Devil in Peter." *Id.* at 202. In the House of Commons, there was an objection to the statue on artistic grounds, and also to the precedent of allowing memorials in Royal parks. PARL. DEB., H.C. (5th ser.), June 4, 1912, at cols. 50-51. Oddly, the statue has been repeatedly vandalised; Peter's pipes are often stolen. Not even this statue is unique; four other casts exist, in Liverpool, Belgium, Newfoundland, and New Jersey.

[151] MACKAIL, *supra* note 121, at 624. Mackail knew Barrie, and his biography was written at the request of Barrie's literary executors: he had access to a great deal of material otherwise unavailable. Barrie wrote to his agent, R. Golding Bright, "Now the Hospital is in charge the money becomes more important, and advance payments." Letter from James M. Barrie to R. Golding Bright (Apr. 28, 1929), *in* LETTERS OF J.M. BARRIE, *supra* note 121, at 63.

custom from early days, many of them with literary associations; "Aunt Judy's Magazine Cot" was the first, in 1868. In 1887, almost £6,000 was collected by children in honour of Queen Victoria's golden jubilee: this permitted the building of a new wing, opened in 1893.[152] Other substantial gifts in memory of children allowed further additions in 1895, and the Astor outpatients building opened in 1908 — the year of Barrie's first recorded gift to the Hospital.

Barrie's 1929 assignment of the *Peter Pan* copyright came in response to an appeal for money to enable the Hospital to have a new building on a nearby site: many eminent people had been approached. An offshoot of Barrie's gift was the creation of the "Peter Pan League for Children."[153] The Hospital site continued to develop steadily, and The Barrie Wing was opened in 1963.[154] The Wishing Well Appeal for the redevelopment of the Hospital was launched in 1987, the year in which the Barrie copyrights first expired. Hugely successful, the appeal raised £54 million by 1989, a year ahead of schedule. A further major development programme is presently under way. Clearly, funds are required, and revenue from the Peter Pan works continues to be important to the Hospital. Nevertheless, the works hold a special place in the public imagination, and the criticism that Peter Pan has become unduly "commercialised" deserves to be addressed. Another commentator has noted:

> In its history to date, *Peter Pan* has stood for, or been converted into, almost every conceivable (and some inconceivable) material forms: toys, crackers, posters, a Golf Club, Ladies League,

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[152] Margaret Gatty, the author of many children's stories and the editor of *Aunty Judy's Magazine*, had the idea of endowing a cot with pennies raised by the children who read her magazine. The first was placed in the girls' ward, and in 1876 one was endowed for boys. Others included "Mr. Punch's Cot," "Lewis Carroll Cot," and so on. Each cost £2,000. JULES KOSKY & RAYMOND J. LUNNON, GREAT ORMOND STREET AND THE STORY OF MEDICINE 24-26 (1991).

[153] THOMAS TWISTINGTON HIGGINS, GREAT ORMOND STREET 1852–1952, at 55 (1952). A.A. Milne used his own characters, "Christopher Robin" and "Winnie-the-Pooh," in a brochure to launch the League, which encouraged children to support the work of the hospital. Children in Britain and North America joined, and by 1939 it had 6,000 members, with a quarterly *Peter Pan Magazine*. Note, though, that by 1932 the combined membership of Mickey Mouse Fan Clubs exceeded one million in the United States alone. The League no longer operates, but the Peter Pan Children's Fund, based in the United States, still encourages philanthropy by children in support of Children's Hospitals worldwide.

[154] In 1964, it was reported that the royalties on *Peter Pan* had reached £500,000, which was used to build the new £350,000 Barrie wing, housing the X-ray department, dental department, and a twenty-six-bed ward. DAILY MAIL, Dec. 17, 1964, at 12.

> stained glass window in St James' Church, Paddington, and a 5000-ton Hamburg-Scandinavia car ferry. As if only too aware of the infinite convertibility of their gift, the Great Ormond Street Hospital asks in its contracts (Legitimate Stage Rights, Musical in Arena Production Rights, Animated Cartoon Rights, Live Motion Picture Rights, Puppet Rights, and Television Rights) for a percentage on merchandise which is double that on producer's profits.[155]

Not all of the uses listed here have stemmed from the same motives, though. In fact Barrie and Frohman founded the "Peter Pan Golf Club" in 1906, to entertain the touring company. Barrie ordered full sets of clubs in leather golf bags marked "P.P.G.C." for the entire cast; these apparently took up an entire baggage wagon of the special train transporting them around the country. A sumptuous dinner to award trophies and prizes was given on every tour, and at least six of these dinners were held (1906–11). Everyone enjoyed it immensely, and it does not seem that the golf was taken very seriously.[156] In the 1930s, a brief craze in America for miniature golf led to the naming of several "Peter Pan" golf courses: there is one still in Austin, Texas. In the 1990s, the Hospital devised The Peter Pan Golf Tournament, endorsed by Diana, Princess of Wales. It became one of the world's biggest amateur golf events for a time, though by 2001 the Hospital had renamed it GOSH Golf. The Ladies League was the Peter Pan League just mentioned, a fund-raising organisation founded in 1930.[157] The large post-war window in St James' Church depicts the Trinity surrounded by the Saints and Martyrs in heaven, and at the bottom has five small panels acknowledging places and events associated with Paddington; the church is a stone's throw from Kensington Gardens. There have been at least four different ferries named "Peter Pan," one of which still operates under that name.[158]

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155 JACQUELINE ROSE, THE CASE OF PETER PAN OR THE IMPOSSIBILITY OF CHILDREN'S FICTION 103 (1984). *Compare* Walton J.'s surprise at finding a Womble on his yoghurt. *See* Wombles, Ltd. v. Womble Skips, Ltd., [1977] R.P.C. 99, 100 (Ch.).

156 GREEN, *supra* note 130, at 146-47; A.E. MATTHEWS, MATTY; AN AUTOBIOGRAPHY (1952). Frohman is alleged to have promised Pauline Chase (a legendary "Peter Pan") to take the whole show to Paris if she won the competition, so all the handicaps were altered to make this come to pass. There they played cricket.

157 Mackail termed the League "a further method of sentimentalising the cold-blooded business side of charity." MACKAIL, *supra* note 121, at 632.

158 The first ferry was launched in 1964. Passengers could purchase Peter Pan books in English, German and Swedish. The ferry company made a voluntary payment of 1,000 D-Marks (about £87) to the Hospital. DAILY MAIL,

Although all of these forms of "Peter Pan" use his name, none uses the story. There have been innumerable productions of the play; some faithful to the original script and spirit, others less so. Trevor Nunn and John Card's 1982 Barbican production, revised and revived in 1997 at the National Theatre, took scrupulous account of all the Barrie *Peter Pan* texts, including his film scenario. However, it was radical in the sense that it was the first to cast a male "Peter Pan" in a major English production. Stuart Gordon, now a cult film director/producer, put on a controversial psychedelic student production in the 1960s, with a gay Tinker Bell and Peter Pan as flower child. Although the Barrie's dialogue was unchanged, the fights were between hippies and yippies, and the trip to Never Land was achieved with LSD for the fairy dust. These various elements, and the nude dancers, led to Gordon's being arrested on obscenity charges; the charges were later dropped. More conventional — though not textually — was the 1991 adaptation of the 1954 musical, starring the American Olympic gymnast Cathy Rigby. This lavish production featured several new songs and spectacular flying sequences: it has since toured the world and is still playing.

In addition, as has been indicated, the Hospital has authorised a number of retellings (and re-illustrations) of *Peter Pan*, in book, cartoon, musical and film form. Barrie himself was willing to countenance this, and had (as has been noted) considerable enthusiasm for the cinematic medium, whose visual possibilities he found exhilarating. His own film scenario for *Peter Pan* indicates that he appreciated the need to use the text with considerable freedom to convey the spirit of the story by different means. Determining quite which elements he would have found essential is of course impossible; and the potency of his story means that every member of the public will have their own view of what makes "Peter Pan." Visually he has become now something of a stereotype, easily confused with Robin Hood in his ragged-edged green tunic, tights, and hat with feather. This has much to do with the ubiquity of the cartoon and musical versions.[159] The eponymous Peter Pan collar (originally white) began with Maude Adams in America, whereas shorts and high boots were the requirement for English productions during Barrie's lifetime. The changing actresses increased the importance of these details of costume in defining the image. Neither is an indispensable part of the popular image today.

Barrie's first "definitive" telling of the story, *Peter and Wendy*, was illustrated by F.D. Bedford. It was this volume that Walt Disney used (and

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Dec. 17, 1964. One ferry was subsequently renamed "Robin Hood," and one "Huckleberry Finn."

[159] A popular adaptation by Piers Chater-Robinson is commonly known as "Peter Pan – The British Musical." It was the subject of legal action in *Chater & Chater Prods., Ltd. v. Rose*, [1994] F.S.R. 491 (Ch.).

marked up heavily) for the first cartoon, and the visual similarities of both character and scene are in places very striking. Mabel Lucie Attwell, Gwynedd Hudson, Edmund Blampied, Arthur Rackham, Norah S. Unwin (and others) have also tried to capture the character visually. But each of these is an attempt to express what began as a literary character then realised as a stage presence, but whose public reception gave him a complex persona quite beyond the story. Nevertheless, the text was fundamental to this process, and it was its sheer familiarity to the audience which permitted the freedoms taken with the silent film.

Although Walt Disney was given exceptional latitude with regard to the text,[160] making a cartoon which both respected the original and the new medium was difficult. Walt Disney is reported to have felt constrained by the *way* the story had been told, which he felt was as much part of its appeal as the plot and characters. A sequence based on an early treatment of *Peter Pan* was shown to a small audience for research purposes in 1948. A Disney internal memorandum reveals that although the audience liked the originality of the presentation, the "liberties taken with the original" were resented. There were comments that "the original story would be more appealing to the public," was "much better and should succeed with the audience because the story is well liked." But the depiction of Peter Pan as more of a young tough and less of a "pansy" was considered an improvement.[161] Tinker Bell, who had been seen only as a tiny light on stage, became in the finished cartoon a midget though well-endowed nymphet. For those children who had never read the book or seen a stage production, these images came to "be" the characters, and the "story of Peter Pan" some amalgam of these and the few scenes which could be portrayed in a cartoon.

If its critical reception was mixed, the cartoon's financial success was undeniable — largely as a result of the merchandising programme. Disney's Vince Jefferds has been credited with one of the most successful marketing programmes in the history of the movies; even replicas of the Darling family nursery sold in thousands from local furniture stores.[162]

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160 The licence entitled Walt Disney "to adapt, arrange, change, dramatise, make musical versions of, interpolate in, transpose, add to and subtract from the literary and dramatic works or any part of them to such extent as Walt Disney in its sole discretion might desire and to use any title or titles used in connection with the literary and dramatic works or any part of them." Bd. of Governors of the Hosp. for Sick Children v. Walt Disney Prods., Inc., [1966] 2 All E.R. 321, 323 (Ch.).

161 Robin Allan, Walt Disney and Europe 220 (1999).

162 Leonard Mosely, The Real Walt Disney: A Biography 218, 238 (1986). Disney was one of the first studios really to exploit merchandising, beginning (almost by chance) with Mickey Mouse. Proceeds from merchandising accounted for about a third of the studio's net profits as early as 1932, so

Also came the book entitled *Walt Disney's Peter Pan*; essentially a picture book offering a few key scenes selected from the cartoon, thus diluting the original story even further. Although the process is predictable, the increasing distance between the audience and the text must surely be regarded as a loss, particularly if the adaptations which result are not regarded as artistically successful in their own right.[163] The effect must be to render "Peter Pan" more of a stereotype, and less of a character.

Others have sought to express their idea of "Peter Pan," both visually and using text. Somma's book, to which the Hospital takes such exception, is hardly the first. Gilbert Adair's *Peter Pan and the Only Children* (illustrated by Jenny Thorne) was published in the United Kingdom in 1987, and is still freely available, although it acknowledges no authorisation by the Hospital. It is a quite new story, in an underwater setting, and "reveals" that Peter Pan was Captain Hook's son. Recognisable elements of the story's framework are borrowed, as are some of the characters, and there are clear references to the original dialogue. It seems to be a work of homage and affection, devised as a result of the author's retelling of the story to his own son, and stands as an imaginative work in its own right. It both borrows from and adds to Barrie's work. In the same year, the distinguished Canadian artist Susan Hudson published *The Eternal Peter Pan*. She had selected extracts from *Peter and Wendy* and produced her own illustrations. By this time, Barrie's text had become dissociated from him, and even to an extent from *Peter Pan*, although fragments of it stick in the public mind. The dust jacket of Hudson's book reveals that visitors to her studio would ask where the quotations came from, and were "invariably surprised to learn they came from Barrie."[164] Whether either of these works should be regarded as a creative wrong is a debatable question, perhaps best left for determination first by the market and later by posterity. Whether such publications should infringe legal rights is likewise a debata-

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Disney was always well aware of their potential. MARC ELIOT, WALT DISNEY: HOLLYWOOD'S DARK PRINCE 66 (1994).

163 Even commentators who admire the cartoon will admit this. "The triumph of its transmigration into so new and different a medium raises the fear lest *Peter Pan* should mean the film rather than the play or the book to today's children: if it were so it would be undeniably to their loss since the magic, the poetry and the touch of the supernatural which constitute the peculiar greatness of *Peter Pan* could find no place in the film." GREEN, *supra* note 130, at 168.

164 SUSAN HUDSON, THE ETERNAL PETER PAN (1987). The book's billing as in "celebration of the fiftieth anniversary of James Barrie's death" is a little disingenuous: since the extracts from the text are literal copies, and substantial publication in this form before this date would have infringed copyright in Canada.

ble question, but a different one. The questions are perhaps more different than they ought to be.

Some borrowings are less easy to defend critically. There is an early use of the name as a book title in America; *The Peter-Pan Twins Return to School* was published in 1928. The cute children featured are twins called Peter and Pansy, though "everyone called Pansy, Pan for short." Well, fancy that! Modern readers may need to be reminded that the use of twins also recalls the play, since the Lost Boys included a First and Second Twin. There are no further similarities of storyline, although readers learn that during the vacation "one boy had seen salmon caught and canned." The brand is not mentioned, but it could have been "Peter Pan" salmon because this was registered in the United States as a mark for canned fish in 1912. Furthermore, in 1939, Peter Pan Salmon published a "story of Peter Pan" in full colour, including twenty-five salmon recipes (Peter Pan Salmon Look For the Red Can with the Yellow Letters). The name has been a popular and successful trademark in both the United States and in the United Kingdom. As has been mentioned, the Hospital itself has registered several "Peter Pan" marks. The name is therefore commonly to be found, disassociated from the Barrie story, in both literary and commercial environments.

"Peter Pan" is also a dictionary word, used in various ways. It designates various items of clothing, particularly the Peter Pan collar. Sometimes it indicates smallness of stature. It is also used allusively of adults (usually men) to indicate eternal youth, or someone who has never grown up. In its latter sense it has negative connotations, and signals immaturity and childishness. As a psychological phenomenon, "the Peter Pan syndrome" was described and publicised by the American psychologist Dan Kiley, in a book published in 1983. Kiley's remarks illustrate the gulf that has arisen between the original text and the modern image:

> When we allow Peter Pan to touch our heart, our soul is nourished by the fountain of youth. But how many people realize that there is another side to the classic character created by J.M. Barrie?... A careful and thoughtful reading of Barrie's original play opened my eyes to a chilling reality. As much as I want to believe the contrary, Peter Pan was a very sad young man .... For all his gaiety, he was a deeply troubled boy living in an even more troubling time. He was caught in the abyss between the man he didn't want to become and the boy he could no longer be .... With increasing frequency, the little-known side of the famous Pan has captured the heart and soul of a significant segment of our children. If they're not freed, they will endure endless emotional and social turmoil. I feel certain that Peter

> wouldn't mind if I use his story to help others. In fact, I'm not sure he would even care.[165]

Concerned that Peter's American publishers might care, though, Kiley's publishers ensured that the excerpts from *Peter Pan* used in Kiley's text are reprinted with the permission of the copyright holders. Kiley's surprise at the character's complexity is revealing (and chilling in itself); for many modern members of the public, "Peter Pan" is a reassuring figure who offers merely bland and sentimental escapism.

There are of course other ways of exploring the psychological aspects of *Peter Pan*. A Jungian approach would focus on myth and archetype, rich expressions of which are found in *Peter Pan*.[166] Barrie's personal history invites Freudian interpretations of the text: the Oedipal theme is particularly obvious, and has proved irresistible to several.[167] The value of such approaches for the purposes of literary criticism may be debatable, but they all stem from recognition of common themes and experiences, familiar to all humanity. Each of these psychological readings treats the *Peter Pan* story as a metaphor for life. In doing so, they implicitly acknowledge that the boundaries between fiction and reality, between original and copy, are very difficult to draw. In such a context, "ownership" is a temporary and fluid concept, often of little practical relevance to the user of the text: if these themes and roles are not recognised by the audience as (at some level) part of human experience then the literary expression will have misfired.

But *Peter Pan* did not misfire, and any attempt to "attribute" such fundamentals is misconceived. Barrie's *Peter Pan* gives form to these themes, and the story worked so powerfully on early audiences that they in turn used the names and references to refer to (or even encapsulate) the themes. Thus, the experience was shared and developed and has become embedded in popular culture. The process has been to a great extent un-

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165 DAN KILEY, THE PETER PAN SYNDROME: MEN WHO HAVE NEVER GROWN UP 25-26 (1983). The sequel is *The Wendy Dilemma: When Women Stop Mothering Their Men* (1984).

166 *See, e.g.*, ANN YEOMAN & MARION WOODMAN, NOW OR NEVERLAND: PETER PAN AND THE MYTH OF ETERNAL YOUTH: A PSYCHOLOGICAL PERSPECTIVE ON A CULTURAL ICON (1998).

167 E.g., John Skinner, *James M. Barrie or The Boy Who Wouldn't Grow Up*, 14 AM. IMAGO 111-41 (1957); Martin Grotjahn, *The Defenses Against Creative Anxiety in the Life and Work of James M. Barrie*, 14 AM. IMAGO 143-48 (1957). *Compare* Frederick L. Meisel, *The Myth of Peter Pan*, *in* 32 THE PSYCHOANALYTIC STUDY OF THE CHILD 545-64 (Ruth S. Eissler et al. eds., 1977). For a book-length analysis, see Harry M. Geduld, *Sir James Barrie* (New York, Twayne 1971). For commentary on these sources, and discussion of Barrie's use of myth more generally, see R.D.S. JACK, THE ROAD TO NEVER LAND (1991).

conscious. This was vividly displayed in the House of Lords' enthusiasm for extending the rights in the story: the language of the debate is studded with reference to the themes and characters which had become integrated into and found re-expression in members' own lives. However, the richness and subtlety of these myriad interactions will inevitably be lost if the audience is too far separated from the text, whether this be by effluxion of time, or as a result of injudicious exploitation of the work. The "Peter Pan" character which the public is now regularly offered is flatter and duller than Barrie's; and a good deal less disturbing. The charitable end perhaps justifies the commercial means, although the risk is that the inevitable dilution of the work's real power may in the end leave it entirely drained of its original force.

The Hospital is proud of its association with Barrie's gift, which it is keen to emphasise and publicise. It is also eager to cooperate with the commercial enterprises licensed to exploit the *Peter Pan* works, and thereby to reap the associated media attention. Recently a "Peter Pan expert" from the Hospital, Kit Palmer, visited the Australian set of the latest live-action version of the story; the film is due to be released at the end of 2003. She talked to the cast and crew "about the history of Peter Pan and the story of Barrie's legacy."[168] Information about Barrie and the *Peter Pan* copyright appears in several places on the Hospital's Web site. The amount generated by the rights is not disclosed, this coyness being defended repeatedly by reference to a condition of secrecy in the will.[169] The will — a public document — discloses no such condition, although the 1929 assignment may have contained such a clause. If so, the stipulation perhaps resulted from Barrie's discomfort with the press announcement

168 An interview will be included in the DVD. *See Peter Pan Expert Visit* [sic] *Film Set in Oz*, *at* www.ich.ucl.ac.uk/roundabout/2003/april/peter_pan.html.

169 The Hospital Web site notes "And as with all great fairy tales, this one is shrouded in mystery — the question of how much Great Ormond Street Hospital has benefited from J M Barrie's generosity is one mystery that will never be solved, for Barrie stipulated in his will that the figure should remain a secret." *Peter Pan History*, *at* http://www.gosh.org/about_us/peterpanhistory.html. The press release issued in response to Somma's activities (Jan. 6, 2003) also makes much of this point: "One strict condition of the will is that we cannot discuss the sums involved, but the income substantially benefits the hospital's work — allowing the purchase of equipment, research into childhood illness, support for families and development of our services." *Peter Pan Copyright Challenged in Court* (Jan. 6, 2003), *at* http://www.ich.ucl.ac.uk/pressoffice/pressrelease_00079. The moral implication is clear enough, too — behaviour such as Somma's deprives sick children of the money intended for them. Somma's lawyer has said that an offer of royalties was rebuffed.

which followed his decision to donate the rights, and the consequent begging letters, one of the earliest of which was from the Hospital itself.[170]

Fund-raising is a necessary task, but some of the uses of "Peter Pan" authorised by the Hospital seem a long way from the story. Recently, Cliff Richard, the "Peter Pan of Pop" (as he is denominated) struck "the first ever Peter Pan coin." The Hospital here admits frankly that it aims to raise over £10,000 by sale of the coin.[171] Depicted is a stereotyped tunic-hat-and-feather cartoon boy, set against a background of stars, and accompanied an indistinct fairy, presumably Tinker Bell. This is described as "the unmistakable flying figure of Peter Pan." Yet how would we know what these characters look like? The image is not obviously identical to that of the Disney character, although it does resemble the "Peter Pan" of the second cartoon. And it is quite different from the flying boy registered as a trademark by Great Ormond Street Hospital Promotions Limited. Revealingly, the Web site informs us — next to an image of this trademark — that "the ageless character has also become established as a widely recognisable symbol of the hospital." Indeed? The images of eternal childhood and help for generations of sick children are used as levers and packaging; their coincidence offers a unique combination in the tough charitable world, where donors are besieged with deserving causes. In the early days, the two images were distinct but associated; but gradually they have been elided, to the point that "Peter Pan" sometimes seems little more than a merchandising figure set to work for the good of needy children, his own complex identity effectively confined to a few trite features.

X. CONTROLLING PETER PAN: SOMMA'S AFTER THE RAIN

Although it is not currently possible to obtain a copy of *After the Rain* in the United Kingdom, some information about it is available from the complaint filed on Somma's behalf in California.[172] This document also discloses some of the correspondence with the Hospital, including a letter from Kit Palmer stating that the play "is in full copyright in the U.S. until

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[170] "Can you imagine a hospital keeping quiet about this, or any newspaper deciding it wasn't news? Of course not; yet of course the benefactor must react in his own way, too. He hadn't meant it to be a secret, but he hadn't wanted the publicity, either. If it's still rather hard to say what he did mean or want, the fact remains that he was now filled not so much with regret as with some profound, indescribable form of disappointment and annoyance . . .. It was natural, though naturally irritating, that one of the earliest appeals should come from the Great Ormond Street Hospital itself." MACKAIL, *supra* note 121, at 623-64. Barrie very often gave anonymously.

[171] *Cliff Richard Strikes First Ever Peter Pan Coin for GOSH* (Oct. 2002), *at* http://www.gosh.org/news/2002/peterpan_coin_011002.html.

[172] Amended Complaint for Declaratory Judgment, Somma v. Great Ormond Street Hosp., No. 02-5889 EMC.

2023." This letter was followed by a letter from the Hospital's counsel in New York, objecting to unauthorised publication, noting that copyright in "The Musical Play" (i.e., the 1954 Broadway musical version) would endure until fifty years after the death of the last of its authors, and asserting that:

> works which contain Peter Pan characters and which may have entered the public domain are not adaptable in the U.S. without the authority of the Hospital, being protected by the laws of trademark and unfair competition, since: a) It is the James Barrie play which established, for all time, *Peter Pan* and the coterie of characters associated with him; b) the public has come to identify *Peter Pan* as the Barrie work. Based on our preliminary research, no less then 13 dictionaries and 6 encyclopaedias carry essentially the following definition of Peter Pan: "hero of the play *Peter Pan* by Sir James M. Barrie; c) The careful depiction of the character, traits and personality of Peter Pan around whom the tale unfolds, invests the character with separate protection *qua* character."

These assertions have yet to be tested in court.

As this article has shown, it is far from clear that the public still associates these characters with Barrie in any meaningful way; still less is it clear that Somma's activities would amount to a misrepresentation of any sort. Many people associate the characters primarily with Disney, and think that Disney owns the copyright. The Hospital's own Web site associates "Peter Pan" with the Hospital. As for the "definition of Peter Pan," the difficulties of the task have already been discussed. It is certainly true that both the latest *Webster's* dictionary and the *Oxford English Dictionary* refer to the "boy hero of the play *Peter Pan*," but only when tracing the word's etymology, not in any of their definitions.[173] And although it would be a strange encyclopaedia which did not link Barrie to his play, such entries do not establish a public appreciation of this connection. These are matters of fact, for a court to determine. The claim to the character right, as a matter of law, is the most interesting. It is clear that some sort of character right does exist in the United States, but, as has been discussed, the boundaries of the right are unclear, particularly with regard to literary characters. If the Hospital continues to rely on the play as the source of its character rights, then perhaps some of these issues may be clarified. However, although the play certainly contains "a careful depiction" of "Peter Pan," since then his character as traded in the marketplace has become more and more distanced from the original. It is yet to be shown whether

[173] *See* WEBSTER'S THIRD NEW INTERNATIONAL DICTIONARY 1689–90 (1993).

the modern public has the least idea of the personality Barrie created for him, and would therefore be misled by a derivative work which asserts its true authorship and plainly disavows commercial connection with the author.

Although the issue of misrepresentation is relevant for trademark and unfair competition claims, a free-standing character copyright would prevent copying even where there was no misrepresentation or possible confusion. The Hospital's task here is to show that their ownership of the *Peter Pan* copyright gives them a legal right to control all uses of the "Peter Pan" character, "for all time," notwithstanding the fact that many of the Peter Pan works are in the public domain. Stated thus, the extent of what is claimed is clear. If such a right is upheld, it will vastly increase the potential range of copyright protection. If it is not, then the way is open for others to build on the character, thereby undermining the royalty stream to which the Hospital has become accustomed. The existing American authorities generally rely on strong visual images to bolster their claim to a defined and delineated character: "Rocky;" "Godzilla;" "Freddy" (*Nightmare on Elm Street*); "James Bond." Although it is certainly arguable that Barrie's careful literary depiction of "Peter Pan" is sufficiently delineated to merit a character right (if one is to be conceded at all) there are significant points to be made on the other side.

Firstly, there is the fact that several works which feature Barrie's characters are no longer in copyright. The "Peter Pan" character first appeared in *The Little White Bird* in 1902, the *Peter Pan* play was first performed in 1904, and the novel version of the play which uses much of the dialogue, *Peter and Wendy*, appeared in 1911. The non-dramatic works are unarguably in the public domain. It would seem bizarre if a decision to delay publication of the play until 1928 could be permitted to found a right of the extent and significance claimed. In *Silverman v. CBS, Inc.*, a playwright wished to use the "Amos 'n' Andy" characters in a musical. The earlier radio shows' scripts were in the public domain, whereas the later ones were not. The court found that the characters were sufficiently delineated in the early scripts to enjoy copyright protection, but that they had entered the public domain. However, any further delineations and developments of character in the later scripts — "increments of expression" — were protectable, as derivative works. The court held that Silverman should:

> receive a declaration that he is entitled to use all aspects of the "Amos 'n' Andy" materials, including names, stories and characters, to the extent that such elements of expression are contained

(or, in the case of characters, to the extent delineated) in the pre-1948 radio scripts, which are in the public domain.[174]

Given the performance and publishing history of the Peter Pan works, how far the play *Peter Pan* should itself be regarded as a "derivative" work is a nice question, in both literary and legal senses.

In addition, the Hospital's own licensing activities have in many respects blurred the literary characters' previously distinctive features, to the point where they are arguably insufficiently delineated to justify protection of anything much beyond direct copies. For many members of the public "Peter Pan" is the sugar-coated cartoon boy who never grows up: they have not the faintest notion of the depth and subtlety of Barrie's literary characterisation. Tinker Bell is now one of the characters franchised under the "Disney Princess" brand, aimed at girls aged three to seven. Her attraction to little girls stems from her Barbie-pink sparkly livery. In stores, her coquettish Disney image is affixed to (inter alia) beach towels, sun glasses, swim suits and "turbo tumblers," and on merchandising stands which do not mention even "Peter Pan," still less Barrie. This second-tier "Disney Princess" is a considerable distance from the fairy shown on stage only as a light, but on whose character turned important elements of the plot. With both "Peter Pan" and "Tinker Bell" increased emphasis has been placed on the character's visual aspects, at the expense of the complex literary persona originally drawn. This is a direct consequence of the Hospital's licensing activities: it has freely chosen to allow the characters to be portrayed in a way which differs significantly from their portrayal in the literary work. If Somma's use of "Peter Pan" does not infringe the cartoon or film character copyrights, which would be much easier to establish on the basis of existing case law, it would seem odd if the Hospital were to be permitted to "rewind" the public presentation of their character to a point of *their* choosing where Somma's work does infringe.

XI. CHARACTER RIGHTS IN PETER PAN – TRACING AND OWNERSHIP

It is clear that difficulties would follow if copyright is used to create character rights of the magnitude claimed, and there are strong policy arguments against doing so. All the character right cases decided thus far can be explained in terms of their taking of a substantial part of the copyright work or group of works; it is still only the expression which is protected, and not the idea. If Somma's work does not do this, it should not infringe. Counsel's letter to Somma also seeks to rely on a previous copyright infringement suit won by the Hospital, the *Melody Fare* litigation

174 870 F.2d 40, 51 (1st Cir. 1988).

discussed earlier. The defendants there had indulged in wholesale direct copying of plot, themes and character, with colourable alterations. Such copying should of course be restrained. But not every aspect of Peter Pan can be sequestered for the Hospital's exclusive exploitation, and some uses should not infringe. Arguably, since Somma's "Peter Pan" *does* grow up, the crucial defining characteristic of Barrie's "Peter Pan" is missing. Important though the copyright holder's rights are, they should be balanced against the public interest in a functioning public domain, and in reasonable freedom of expression. The boundaries of copyright should not be stretched judicially to create a freestanding character right of this order. There is no literary justification for such protection, particularly beyond the copyright term.[175] Any legitimate commercial complaints should be dealt with by trademark or unfair competition law.

In addition, the task of attributing characters to their legitimate "owners" is not one which should be undertaken lightly. All authors "take" some of their material from elsewhere, whether from life, from other authors or from the common stock. Barrie was no exception. Many elements of the Peter Pan works were taken from his experiences with the Llewellyn-Davies boys. Pirates, fairies, wolves and mermaids are all familiar figures in nursery fiction. The inspiration for writing a "fairy play" came when he saw the pantomime *Bluebell in Fairyland* in 1902. Birkin has noted the similarity to George Macdonald's *At the Back of the North Wind* (1870), a fairy tale where a boy is taken from his house over London by the North Wind to a different land.[176] Shortly after the publication of the play, the critic Lionel Stevenson argued persuasively that there were clear similarities to Macdonald's terrifying allegory for adults, *Lilith*.[177] Barrie's use of myth has already been mentioned. Given the furore that accompanied its publication in 1894, it is unlikely that Barrie would have been unaware of Arthur Machen's horror story *The Great God Pan*. Although the stories are very different, echoes of Machen's interest in paganism can plainly be found in Barrie's works.[178] Barrie would certainly have been

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[175] For an opposing view, see David B. Feldman, *Finding a Home for Fictional Characters: A Proposal for Change in Copyright Protection*, 78 CAL. L. REV. 687 (1990).

[176] BIRKIN, *supra* note 131, at 105. Macdonald's descriptions of humble Scottish life led to his name being associated with the Kailyard school — as was Barrie's, as a result of his early stories. Macdonald's mysticism is also a prominent feature of his work.

[177] Lionel Stevenson, 7 PHILOLOGICAL Q. 210-14 (1929).

[178] Machen's first work was a treatise, *The Anatomy of Tobacco* (1884), a paean to tobacco and pipe-smoking, written in "fantastickal" seventeenth century English (in the mode of Butler's *Anatomy of Melancholy*). Barrie's *My Lady Nicotine* (1890) is different in style, but the coincidence of theme is striking.

familiar with the works of Maurice Hewlett, who was a close friend. Hewlett's first success was the romance *Forest Lovers*, published in 1898. In the same year, Hewlett printed the pastoral and pagan drama *Pan and the Young Shepherd*, whose opening line is "Boy, boy wilt thou be a boy forever?."[179]

Sources can also be found for one of the most famous pieces of stage business in *Peter Pan*: Peter's delighted reunification with his severed shadow, sewn on for him by Wendy. Adelbert von Chamisso's *Peter Schlemihl's wundersame Geschichte* (Peter Schlemihl's strange story) was published in Nuremberg in 1814. The first English translation appeared in 1823, its appeal greatly enhanced by eight engravings by George Cruickshank. The work was very popular; several editions and other translations followed throughout the century. Schlemihl exchanges his shadow for riches, and then, though bitterly regretting his bargain, refuses to sell his soul to regain it. Chamisso's narrative mixes the fantastic and the familiar with a light touch of parody and irony. The grey-clad man who takes the shadow rolls it for safekeeping, and it is later unrolled and reattached. In one striking scene, vividly illustrated by Cruikshank, Chamisso chases what appears to be a shadow without a man, hoping to capture it to replace his own shadow. However, when he reaches it, he discovers its magically invisible owner is still attached to it and thrusts him away violently. In another scene, the grey man has temporarily reattached Chamisso's shadow, hoping to tempt him into trading his soul, and Chamisso makes a fruitless and humiliating attempt to run away with it; the shadow remains with its "lawful owner."[180] These images made a great impression in England, and were well known enough to merit a reference to them in the Court of Appeal in 1878. A dispute had arisen with respect to pianoforte tutors published with the endorsement of a certain Mr. Hemy. It was treated essentially as a passing off action, the Court of Appeal dealing briskly with the plaintiff's claim to the sole and exclusive right to the use of Mr Hemy's name: "No such question arises as whether Mr. Hemy has sold

[179] Apart from the thematic link, a faint linguistic echo can be detected in Wendy's first words to Peter: "Boy, why are you crying?" Barrie would presumably have known Robert Louis Stevenson's essay "Pan's Pipes," published in *Virginibus Puerisque* (1881). Stevenson was one of Barrie's literary heroes, and the two men corresponded frequently from 1892 until Stevenson's death. Stevenson's *Treasure Island* is another obvious influence, as is R.M. Ballantyne's *Coral Island* (1857), to which Barrie wrote a preface in 1913.

[180] For the influences on Chamisso's work, and its position in German Romanticism, see Wulf Koepke, *Introduction*, *in* ADELBERT VON CHAMISSIO, PETER SCHLEMIHL (1993), and references given there.

his name, like a man selling his shadow."[181] Given this level of public familiarity, it seems unlikely that the resemblances between Barrie's work and Chamisso's are entirely coincidental.

Barrie can thus be shown to be indebted to others, in a creative sense, with respect to *Peter Pan*. But interesting and illuminating though such analysis is for the literary critic and historian, no court should be willing to embark on this sort of tracing exercise for copyright works. It is in the nature of creative works that they borrow, transform — and inspire the same process in other creators. Once released into the world, characters and stories cannot be controlled *ad infinitum*. No work is entirely self-contained, whether at the moment of its creation or afterwards. The act of publication inevitably results in loss of control, because an audience's reactions cannot be foreseen. Copyright offers protection against various acts of reproduction, distribution and performance, and it thereby safeguards the work's original form from appropriation and encroachment. But its aim is not forever to police responses to the work, particularly if these are expressed in a new and creative form.

The extraordinary reaction of audiences all over the world gave the Peter Pan works their unique cultural status. The House of Lords attempted to preserve this phenomenon by giving them unique legal status also, the sentimental impulse being justified by the indubitably worthy recipient of this beneficence. Yet the good intentions masked a significant lack of clarity. Time does not stand still, and the initial responses to *Peter Pan* can neither be preserved nor reproduced. The desire to petrify the works, and to isolate them from contemporary reaction, is in its own way untrue to the "original spirit" of the works which it seeks to protect. Other extraordinary works have entered the public domain and survived the journey, notwithstanding the perhaps bizarre responses to which they have been subject. The (different) motive of safeguarding to the Hospital a perpetual revenue stream is readily understood, if unprecedented in modern times. But the particular financial needs and deserts of the Hospital should not be used to justify or impel any further general expansion of copyright protection, and, thus, to exclude current users from cultural territory which has previously been legitimately theirs. It was access to precisely these realms which enriched the works in question.

Contemplating the original expiry date of the Barrie copyrights, another commentator also remarked on these twin cultural and financial pressures:

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[181] Metzler v. Wood, L.R. 8 Ch. D. 606, 610 (1878) (James, L.J.). Henri Frederick Hemy (1818–1888). For a fuller discussion of the case, see *supra* note 56. Oscar Wilde had also developed the theme before Barrie did, in his powerful short story *The Fisherman and His Soul: A House of Pomegranates* (1891).

> The possible loss of *Peter Pan* by the hospital in 1987 consequently has two meanings — the dispersal of *Peter Pan* into the world of free and potentially wild interpretation, and the increasing confrontation of the hospital for children with the limits of its own means. If there is to be an end to *Peter Pan* as we know it, it will therefore be a crisis of meaning (just how far can you go with *Peter Pan*?) and of money (funds for the survival of children as a problem of the state). Thus the dissolution of *Peter Pan*, cultural emblem of our time, will simply release back into the public domain the most pressing and dramatic questions of its history.[182]

The cultural anxiety should not be overstated. *Peter Pan* has not remained static, and indeed has already been pushed to some wild extremes. Perhaps, given the work's powerful impact on audiences, its "true spirit": might survive as well in the public domain as in the hands of a copyright holder whose priority has to be the reward and not the work. However, as the full Barrie copyrights approach their second expiry date in the United Kingdom, the financial demands have only increased in magnitude. Extension and expansion of copyright protection will not resolve these tensions; the policy issues will have to be confronted eventually. Until that time, the Peter Pan works will to some extent remain entrapped in a complex cultural, financial, and legal mesh.

The negative aspects of possession and sequestration were certainly recognised by Barrie, both in relation to *Peter Pan*, and in wider contexts. Michael Llewllyn-Davies, probably Barrie's favourite of the boys, drowned in 1920. Two years later Barrie recorded a dream, in which Michael returned to him not knowing he had drowned. In the dream, Barrie managed to keep this knowledge from Michael for a year, devising hopeless schemes to prevent him from leaving — until the anniversary of his death, when both realised that Michael would have to go. Describing this experience Barrie noted: "It is as if long after writing 'P. Pan' its true meaning came to me — Desperate attempt to grow up but can't."[183] The same could be said of the Peter Pan copyrights: "to die will be an awfully big adventure."

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182 ROSE, *supra* note 155, at 143-44.

183 *Quoted in* BIRKIN, *supra* note 131, at 297.

ENTROPY AND ATROPHY: THE STILL UNCERTAIN STATUS OF THE FAIR USE OF UNPUBLISHED WORKS AND THE IMPLICATIONS FOR SCHOLARLY CRITICISM

by TIMOTHY HILL*

PREFACE

Res judicata does not attach to the judgments of history. Irresponsible revisionism aside, history reserves the right to amend or reverse its prior assessments. What this means for scholarly criticism, at least, is that there are no final judgments and, to torture the metaphor a bit further, new evidence is always admissible. Unpublished works often represent an invaluable form of such new evidence. When it is not the politics of the latest school of critical theory, the catalyst for a rethinking of a given work or a particular artist is often the surfacing of some heretofore unpublished materials which may shed new light on an otherwise well trammeled area of study. Whether it is a stack of poems left in a drawer, a prior draft of a well known work, or letters, diaries or other private writings, unpublished works offer a rich and unique source for scholarly research. Whether the contribution is small or large, the importance of unpublished works to the discipline of scholarly research and criticism cannot be questioned. This article examines whether our current conceptions of fair use, both in and out of the courts, offer viable options to scholars doing this kind of work.

INTRODUCTION

While the individual copyright owner would most often rather not have to endure the costs and risks of litigation in order to protect a rightful claim of copyright, the body of copyright law as a whole requires the allegedly violative acts in order to define its outer borders. If the universe of non-copyright holders is populated only by the cautiously obedient, then the scope of copyright can only grow in one direction. So too with fair use: the fair use muscle must be exercised or it will wither away. In some fields, such as the software development industry that has produced the reverse engineering cases, there may be no shortage of incentive for attempting a fair use of certain copyrighted material. It is somewhat ironic, however, to note that in one of the domains traditionally tolerant of fair use, scholarship, reticence dominates.

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The reasons why the ranks of biographers, researchers, academics, and critics may lack a more maverick disposition with regard to pursuing fair usage of unpublished materials are many: such a group may be uninformed; the publishing industry to which they must submit their own manuscripts may be unsympathetically conservative; the literary estates which control access to and permissions for rich unpublished materials may be proudly uncooperative. However diverse the unfavorable conditions may be, a single source for such conditions may exist in the strange body of case law that has governed this area for the past fifteen to twenty years. Because these conditions have not improved even as the cases have inched toward a more equitable standard, and because fair use now faces altogether new challenges in light of developments in digital technology and the laws that govern it, it is more important than ever for the courts to shore up a more consistent and coherent doctrine.

There are two aspects of the 1976 Copyright Act which made the eventual disputes over the fair use of unpublished materials an inevitability. First, the Act removed the publication requirement for copyright protection and instead granted such protection for all works of original authorship fixed in a tangible medium.[1] The new fixation requirement meant that copyright protection would attach at the moment of creation — a standard which drew unpublished works within the scope of federal copyright law.[2] Second, the Act codified in § 107 the common law doctrine of fair use.[3] Simple logic might seem to dictate that if § 107 applies to *all* copyrighted works, and if unpublished works are copyrighted works, then fair use should apply to such unpublished works. The tidiness of this theorem, however, cannot be maintained when it is further acknowledged that the design of § 107 is "to restate the present judicial doctrine of fair use, not to change narrow, or enlarge it in anyway."[4] Under common law, "fair use traditionally was not recognized as a defense to charges of copy-

[1] 17 U.S.C. § 102(a) (2000).

[2] Prior to the enactment of the 1976 Copyright Act, unpublished works enjoyed a perpetual copyright under state common law.

[3] 17 U.S.C. § 107 (2000):

> In determining whether the use made of a work in any particular case is a fair use the factors to be considered shall include—
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> (1) the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
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> (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
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> (4) the effect of the use upon the potential market for or value of the copyrighted work.

[4] H.R. Rep. No. 94-1476, at 65-66 (1976).

ing from an author's as yet unpublished works."[5] However, this absolute rule was "tempered in practice by the equitable nature of the fair use doctrine."[6] Thus, despite the stated intention to use § 107 in order to preserve and import the prior judicial doctrine into modern copyright law, it was clear that courts were going to be required to "change, narrow, or enlarge" that doctrine when confronted with cases involving the fair use of unpublished materials.

A rather odd case recently joined the line of cases reviewing the fair use of unpublished materials. *Bond v. Blum*[7] is a copyright infringement action which grew out of, of all things, a child custody suit. Bond was the author of an unpublished manuscript entitled *Self-Portrait of a Patricide: How I got Away with Murder*, which recounts the true story of how he planned and committed the murder of his father with a hammer.[8] The infringement action for a preliminary and permanent injunction came about years later as Bond sought to prevent use of the manuscript as evidence in the case between Bond's present spouse and her ex-husband for custody of their three children.[9] The defendants had sought to introduce the manuscript into the custody case in order to demonstrate that the household of a remorseless murderer would not be a suitable place for childrearing. The district court found that submission of the unpublished manuscript as evidence in the state proceeding was a fair use. On appeal, the Fourth Circuit performed a step-by-step review of the four fair use factors and affirmed the finding of fair use.[10]

The facts of this case are even more colorful than this short summary permits. However, it is because of these bizarre facts that the value of this case in terms of contributing something to the substantive doctrine would seem to be very limited. If this had been the first, or if it were the only case to review the fair use of unpublished materials it would establish a dubious precedent, one which future cases would rarely be bound to follow given the ease with which future litigants should be able to distinguish their own claim from this curious fact pattern. And yet, another case which was somewhat unusual on its facts gave birth to and remains very much at the center of the modern doctrine regarding the fair use of unpublished materials: *Harper & Row, Publishers v. Nation Enterprises*.[11]

That *Harper & Row* ought to have exerted as much influence as it has has been questioned precisely because of the peculiar facts upon which it

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[5] Harper & Row, Publishers v. Nation Enters., 471 U.S. 539, 550-51 (1985).
[6] *Id.* at 551.
[7] 317 F.3d 385 (4th Cir. 2003).
[8] *Id.* at 390.
[9] *Id.*
[10] *Id.* at 397.
[11] 471 U.S. 539 (1985).

was decided. In a concurring opinion offered in *Wright v. Warner Books*,[12] Judge Van Graafeiland commented that *Harper & Row* "is not an ideal precedent for a case [such as *Wright*]" which involves the more traditional exercise of scholarly fair use.[13] Similarly, other commentators have noted that "*Harper & Row's* atypicality made it a particularly unfortunate precedent for [those] whose use of unpublished materials is usually much less aggressive and piratical than was *The Nation's*."[14] In short, *Harper & Row* may have created more doctrine than it either needed or was suited to establish.[15] Nevertheless, the Supreme Court's declaration in *Harper & Row* that "the scope of fair use is narrower with respect to unpublished works"[16] continues to inform judicial analysis in such cases.

The most immediate and dramatic response to those very words materialized in the Second Circuit's decisions in *Salinger v. Random House*[17] and *New Era v. Henry Holt*.[18] In the first of these cases, J.D. Salinger sought to enjoin Ian Hamilton from quoting or otherwise using Salinger's unpublished letters in the biography about the reclusive author that Hamilton was preparing for publication. The Second Circuit relied heavily upon *Harper & Row* in reversing the lower court's denial of a preliminary injunction. Reciting *Harper & Row's* weighty holding that the "scope of fair use is narrower with regard to unpublished works language,"[19] the *Salinger* court announced that it would follow *Harper & Row* in placing "special emphasis on the unpublished nature of Salinger's letters."[20] The court indicated that its analysis would be premised upon "the idea that unpublished letters normally enjoy insulation from fair use copying."[21]

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12 953 F.2d 731 (2d Cir. 1991).

13 *Id.* at 742 (declaring, in addition, that for "purposes of stare decisis, it is also unfortunate that the conduct of the defendant in [*Harper & Row*] was of such a nature as to elicit from the Court such condemnatory words as 'scooped,' 'pirated,' 'exploited,' 'purloined,' 'clandestine,' and 'chiseler'").

14 Robert Spoo, *Fair Use of Unpublished Works: Scholarly Research and Copyright Case Law Since 1992*, 34 TULSA L.J. 183, 189 (1998). *See* text accompanying notes 46–51 *infra* for a review of the facts of *Harper & Row*.

15 *See* Kenneth D. Crews, *Fair Use of Unpublished Works: Burdens of Proof and the Integrity of Copyright*, 31 ARIZ. ST. L.J. 1, 9 (1999) (commenting that under the "extraordinary circumstances [of *Harper & Row*], the Court may not have needed a general rule about narrow rights of fair use for unpublished works to find infringement").

16 Harper & Row, Publishers v. Nation Enters., 471 U.S. 539, 550, 564 (1985).

17 811 F.2d 90 (2d Cir. 1987).

18 873 F.2d 576 (2d Cir. 1989).

19 *Harper & Row*, 471 U.S. at 564.

20 *Salinger*, 811 F.2d at 96. The court also invoked and relied heavily upon *Harper & Row's* other oft-cited comment that the "fact that a work is unpublished is a critical element of its nature." *Harper & Row*, 471 U.S. at 564.

21 *Salinger*, 811 F.2d at 95.

Although the use of the word "normally" in that articulation of the rule seems to acknowledge the existence of, or at the least potential for, some category of cases where an exception to the general prohibition of fair use of unpublished works might be found, a rule *without* exception was the direction toward which the law was moving.

The effects of *Salinger* and *New Era* were widely felt.[22] As Judge Leval noted, "[w]riters, historians, publishers, and their legal advisers" were left in a position where they could "only guess and pray as to how courts [would] resolve copyright disputes."[23] A *Newsweek* article from that time contemplated whether these decisions meant, in some sense, "the end of history."[24] That article describes how publishers responded to the court decisions by censoring themselves and provides specific examples of pending projects which were substantially altered due to this new found fear of liability.[25] Worse still was the complete cancellation of other projects that required use of unpublished materials.[26] The impact of *Salinger* could also be seen in the restructuring of the standard publishing contract to include strict provisions restricting fair use.[27] Finally, the worst effect of all could hardy be quantified and may never be known — the scholar who simply elected to do some other research altogether; the biographer who, rather than grovel for permissions, chose a different subject.

Congress responded to this situation by passing an amendment in 1992 which placed at the conclusion of § 107 the simple admonition that "the fact that a work is unpublished shall not itself bar a finding of fair use if such finding is made upon consideration of all the above factors."[28] The amendment thus removed the appearance of a ban on fair use of unpublished materials and paved the way for those decisions which would recognize fair use of unpublished works.

Since the 1992 Amendment, courts have ruled both for and against findings of fair use in cases involving unpublished works. Given that each

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22 *See* Kate O'Neill, *Against Dicta: A Legal Method for Rescuing Fair Use from the Right of First Publication*, 81 CAL. L. REV. 369, 429 (2001) (describing the impact on the publishing industry as profound and enduring); *see also* Crews, *supra* note 15, at 42 (commenting that the appearance of a presumption against fair use "proved to have devastating consequences for writing and publishing works . . . that depend on using brief excerpts from unpublished works").

23 Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1107 (1990).

24 David A. Kaplan, *The End of History?*, NEWSWEEK, Dec. 25, 1989, at 80.

25 *See id.*

26 *See* Crews, *supra* note 15, at 10.

27 *See* O'Neill, *supra* note 22, at 395 (explaining that the new contracts enforced a simple but rigid definition of fair use and essentially banned attempts at fair use of unpublished materials).

28 17 U.S.C. § 107 (2000).

case should be decided on its individual facts, keeping score as between successful and unsuccessful fair use claims is hardly relevant to an understanding of how courts are actually reviewing such claims. Nevertheless, the fact that at least some cases have found fair use indicates that the modest aspiration of the amendment to remove the implication that there was a per se ban against any and all fair use of unpublished works has been realized.

Despite these modest advances in the law, the question remains whether the initial impact of the *Harper & Row-Salinger-New Era* cases was so forceful that it continues today to exert a chilling effect on those who would otherwise be users of unpublished writings. Unfortunately, it appears that the effect remains in place.[29] For example, publishers have not expanded their in-house guidelines for fair use, and it has been suggested that "[t]hey have little incentive to do so."[30] Part of this may simply be that the early cases imposed real-world consequences on writers and publishers, while the amendment and the cases which followed were small nuanced steps which returned only the legal theory, and not the consciousness of real-world actors, back towards a more equitable middle ground.

It may be true that to change or correct the way that private industry and individuals conduct their business is beyond the scope of what any court can or should try to accomplish in resolving any single controversy. Nevertheless, the post-amendment cases have been criticized not simply because they have failed to reverse the conservative policies of the publishing industry with the same drama and force that earlier cases inspired, but because the later cases have actively contributed to a confusion that impedes any liberalization of industry policies and deprives scholarly writers of any basis for confidence with regard to fair use.[31] One observer has noted that the amendment and the cases which followed "may be important steps toward preserving some fair use and encouraging quality scholarship, but they leave lingering uncertainties about the scope of fair use rights. Those uncertainties leave in doubt the ability of writers and publishers to utilize unpublished works."[32]

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[29] *See* Harold Orlans, *Scholarly Fair Use*, CHANGE, Nov. 1999, at 53 (commenting that the "amendment did not throw archival sluice-gates wide open").

[30] O'Neill, *supra* note 22, at 406 (noting that these policies continue despite the 1992 amendment and despite cases willing to permit some use of unpublished materials).

[31] *See id.* at 376 (stating that the uncertainty of legal decisions deters authors and publishers from attempting fair use).

[32] Crews, *supra* note 15. The extent to which the courts are responsible for non-legal conditions may be debated. *Compare* O'Neill, *supra* note 22 (arguing more forcefully that the courts are to blame, and commenting that the courts seem unaware of the particular impediment to literary and historical biography and criticism that the prohibition on use creates) *with* Spoo,

I. A REVIEW OF THE POST-AMENDMENT CASES

Lish v. Harper's Magazine Foundation[33] is a post-Amendment case by date only, as it rejected the retroactive application of the amendment to the suit brought prior to its passage. This case presents another somewhat *sui generis* fact pattern wherein the plaintiff, a writer and teacher of creative writing, sued for infringement when a letter he had written to prospective students found its way into the hands of editors at *Harper*'s and was published without permission. Lish successfully proved infringement against *Harper*'s to fair use defense, in part due to the unpublished nature of the letter. The court noted that even "if the amendment had retroactive application, . . . it would not produce a different result."[34]

Norse v. Henry Holt & Co.[35] provided the Ninth Circuit with the opportunity to review this issue. Here, like *Salinger* and *Wright*, the issue revolved around the fair use of unpublished letters in a literary biography. Ted Morgan wrote a biography of prominent Beat author William S. Burroughs which was published by Henry Holt and which employed excerpted phrases from plaintiff Norse's unpublished letters. Harold Norse, a poet and writer, was a lesser member of the Beat writers' roundtable. The Norse letters were available to Morgan at New York University's Fales Library. The issue was decided on remand, where the district court granted summary judgment to the defendant by finding three of the four factors weighing in favor of fair use.[36] In addition to being guided by the now amended statute, the court here was able to distinguish its facts from *Salinger* primarily based on the significantly lesser amount that Morgan took from the unpublished letters than did Hamilton in the Salinger biography.[37]

The post-amendment litigation also include a series of cases[38] that consider whether the unauthorized Internet posting of certain unpublished writings of L. Ron Hubbard constitutes fair use. These cases review the unauthorized use of Hubbard's unpublished works by former members of the Church of Scientology for the purpose of criticizing the organization

supra note 14 (commenting "that there are distinctly favorable signs that courts are acquiring a new sensitivity to the fair use needs of scholars").

33 807 F. Supp 1090 (S.D.N.Y. 1992).

34 *Id.* at 1101 n.10.

35 991 F.2d 563 (9th Cir. 1993).

36 Norse v. Henry Holt & Co., 847 F. Supp. 142, 147-48 (N.D. Cal. 1994).

37 *See id.* at 146 (noting, in addition, that Morgan did not take the "heart" of the work as was the case in *Harper & Row*).

38 Religious Tech. Ctr. v. Netcom On-Line Communication Servs., Inc., 923 F. Supp. 1231 (N.D. Cal. 1995); Religious Tech. Ctr. v. Lerma, 897 F. Supp. 260 (E.D. Va. 1995); Religious Tech. Ctr. v. Lerma, 40 U.S.P.Q.2d 1569 (E.D. Va. 1996). *See generally* Spoo, *supra* note 14, at n.112 (reviewing additional Scientology fair use cases).

from which they have defected. Even within this unique subset of cases, the courts came down with rulings both for and against fair use.[39] Such inconsistency combined with, once again, a somewhat atypical factual context makes this line of cases a weak complement to the rubric of scholarly fair use.[40]

Finally in 1998, the Fourth Circuit decided a case which engages some of what this article recognizes as more representative of the typical issues facing those who wish to make scholarly fair use of unpublished works. In *Sundeman v. Seajay Society, Inc.*,[41] the court reviewed the one and only case to address fair use of unpublished materials in a work of literary criticism (as distinguished from biography). The distinction between criticism and biography is noteworthy inasmuch as it was the early biography cases that painted such a bleak picture for *all* scholarly fair use claims. In general, biography offers greater potential for commercial gain than criticism — as evidenced by the fact that the large publishing houses may take on a biography, while most critical studies are published by the smaller academic presses. This limited potential for profit, combined with what some might argue is a place even nearer to the heart of those categories contemplated in the preamble to § 107, makes literary criticism a perhaps slightly more worthy beneficiary of the fair use doctrine than biography given an otherwise equal set of facts and circumstances.

In *Sundeman*, the manuscript of *Blood of My Blood*, the unpublished first novel of Marjorie Kinnan Rawlings[42] became the subject of an infringement action. The manuscript, found in a box some thirty-four years after Rawlings had passed away, ultimately came to be in the hands of Anne Blythe.[43] Blythe quoted from the text of the manuscript in present-

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[39] *Compare Netcom* and *Lerma* (1996) (no fair use for unpublished works) *with Lerma* (1995) (recognizing fair use).

[40] The fact that the cases came to different conclusions is not itself indicative of inconsistency, as other factors, specifically the amount used (a factor three consideration), may have necessitated the varying results. However, the cases employ inconsistent and selective arguments for reaching these decisions as discussed *infra*.

[41] 142 F.3d 194 (4th Cir. 1998).

[42] Rawlings in best known as author of *The Yearling*, for which she was awarded the Pulitzer Prize.

[43] The manuscript was found in the residence of Rawlings' original literary executrix, Julia Scribner Bingham, who had herself passed away in 1961. Upon being found, Bingham's daughter contacted a rare book dealer who arranged a partial sale, partial gift transfer of the documents to the Seajay Society, a non-profit organization dedicated to South Carolina and southern culture. Seajay made copies of the manuscript, which it distributed to Blythe and the University of Florida Library. The making of those copies, along with the subsequent use of the text by Blythe in her critical analysis, created the multi-layered infringement claims at issue.

ing a critical analysis of the unpublished novel at a symposium of the Marjorie Kinnan Rawlings Society. The Fourth Circuit affirmed the lower court's determination that such use, including the copying of the original, was permissible under the fair use doctrine.[44] The court specifically noted that Blythe's analysis "has productive uses as criticism, comment, scholarship, and literary research."[45]

II. ANALYSIS OF THE CASES: INCOHERENCE

As noted above, some of the enduring confusion may be attributable to the fact that the doctrine, at least for the purposes scholarly fair use, got off on the wrong foot with the expansive holding in *Harper & Row*. In that case, *The Nation* magazine published excerpts from President Gerald Ford's unpublished memoir. Ford had contracted with Harper & Row to publish the former President's memoirs.[46] In addition, Harper & Row was awarded the exclusive right to license prepublication excerpts of the forthcoming book — a right which the publisher exercised by granting to *Time* magazine the first serial rights.[47] The agreement was a marketing scheme timed to raise interest in the book by publishing excerpts one week prior the book hitting bookstores.[48] *The Nation* was able to beat *Time* to the presses when a purloined copy of the manuscript was secretly provided to the editor of *The Nation* by an unidentified source.[49] *The Nation* quickly published its article using quotes, paraphrases, and facts drawn from the manuscript.[50] As a result, *Time* canceled its planned article and refused to pay Harper & Row the $12,500 balance that would have been due upon publication.[51] The Supreme Court rejected *The Nation's* fair use defense.

Harper & Row, as noted above, emerged from a rather unique (and historical) set of facts and circumstances. Some of these factual characteristics seem particularly incongruous to the scholarly fair use context.[52] In

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44 *See Sundeman*, 142 F.2d at 208.

45 *Id.* at 203.

46 *See* Harper & Row, Publishers v. Nation Enters., 471 U.S. 539, 542-43 (1985).

47 *See id.*

48 *See id.*

49 *See id.*

50 *See id.*

51 *See id.*

52 There is no reason why the narrow category of scholarly writing should merit the special attention of any legal doctrine. However, to the extent that this activity is specifically contemplated by the Copyright Act in the preamble to its fair use provision in § 107, it ought to be relevant to note the ways in which the fair use doctrine impacts such activity. *See* 17 U.S.C. § 107 (2000) (stating that "the fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching . . . scholarship, or research, is not an infringement of copyright").

particular, the bad faith or unclean hands of *The Nation* made it a less than palatable champion of fair use. The use of a "purloined" manuscript to "scoop" a competitor's story was not going to be endorsed as a proper exercise of fair use. Furthermore, in *Harper & Row*, the unpublished status of the copyrighted work in question was not nearly as relevant as its soon-to-be published status. The unpublished materials likely to be at the center of a scholarly fair use controversy, on the other hand, will generally be "dormant" texts that are not en route to any kind of publication.[53] Thus, when a court is now disposed towards a finding of fair use, it may very well distinguish *Harper & Row* on these particular facts.[54] However, no such distinctions were drawn in the early cases following *Harper & Row*, and cases continue to invoke *Harper & Row* in inapposite cases.[55]

Inapposite facts patterns and imperfect precedents are not the only problem. Most notably, the subset of doctrine that has emerged from the courts' review of the second fair use factor presents a minefield of confusion.[56] More damaging, however, is the fact that the language that appears within factor two analyses may be powerfully reminiscent of chilling holdings from the *Salinger* era. Of course, confined to factor two, such language is of limited power — and, in fact, such language may appear in cases that ultimately find fair use.[57] Nevertheless, any appearance of a hostility toward fair use may be enough to keep authors and publishers from attempting valid fair use.

In *Wright*, the Second Circuit, having reviewed some of the now familiar language from *Harper & Row* and *New Era* in the context of a factor two analysis, announced that "our precedents leave little room for discussion once it has been determined that the copyrighted work is unpublished."[58] This statement explicitly recognizes the operation of an unqualified presumption that the second factor will never weigh in favor of fair use where unpublished works are concerned. Moreover, the context

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[53] To be sure, the copyright owner enjoys both the right of first publication and the right not to publish at all. Nevertheless, fair use remains a defense to a claim of infringement based on either or both of those rights.

[54] *See, e.g.*, Religious Tech. Ctr. v. Lerma, 897 F. Supp. 260 (E.D. Va. 1995).

[55] *See* Crews, *supra* note 15, at 3 (opining that "the current standard ultimately makes little sense where it is most often applied: to the simple and customary quotations from historical manuscripts"). Crews further observes that the doctrine is burdened by concerns about the wider consequences of fair use in a enormously diverse universe of copyrighted works, including computer programming.

[56] *See* Leval, *supra* note 23, at 1116 (declaring that "[t]he nature of the copyrighted work is a factor that has been only superficially discussed and little understood").

[57] *See, e.g.*, Wright v. Warner Book, 953 F.2d 731 (2d Cir. 1991).

[58] *Id.* at 737.

of the message was curious. It seemed that the Second Circuit went out of its way, in a decision that recognized fair use and may have neutralized much of the pre-amendment anxieties, to undo any favorable implications that may have been drawn from the lower court's factor two analysis.

In *New Era*, the Second Circuit concluded that, when the use in question involves unpublished works, "the second fair use factor has yet to be applied in favor of an infringer, and we do not do so here."[59] The latter clause ("we do not do so here") is appropriately indicative of the fact that at least some analysis preceded the conclusion. This conclusory language, however, has often been invoked in subsequent cases not at the culmination of a factor two review, but *in place of* such analysis. Simply reciting that the second factor has yet to be applied in favor of fair use of unpublished materials is, without more, not a basis for a conclusion. Such short-circuited analysis is evidence that a per se rule, or at least a very strong presumption, continues to operate within the current law regarding the second fair use factor.

For example, it took the court in *Norse* just three sentences to arrive at its conclusion that the second factor favored the plaintiff.[60] The entirety of this abbreviated analysis is comprised of the very same quotations from *Harper & Row* and *New Era* that the *Wright* court employed. There is no discussion of the particular facts of the *Norse* case. Such conclusion without review would seem to epitomize the operation of a per se rule. Moreover, further evidence of this automatic rejection of fair use within factor two exists in the fact that what should normally be the central factor two inquiry is nowhere to be found. Absent from this analysis is any contemplation of whether or not the original work is more factual or creative in nature. The consideration of whether a work is more factual than creative anchors the fair use analysis in the fundamental principles of copyrightability and should be the primary inquiry for a court's reviewing factor two.

Campbell v. Acuff-Rose Music explains that the second factor "calls for recognition that some works are closer to the core of intended copyright protection than others."[61] In general, the core of copyright is occupied by creative expression, whereas factual works are entitled to lesser protection.[62] Therefore, for the purposes of fair use analysis, and for consideration of the second factor specifically, there is greater opportunity to

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[59] New Era Publ'ns Int'l, ApS v. Henry Holt & Co., 873 F.2d 576, 583 (2d Cir. 1989).

[60] *See* Norse v. Henry Holt & Co., 847 F. Supp. 142, 146 (N.D. Cal. 1994).

[61] 510 U.S. 569, 586 (1994).

[62] *See* Harper & Row, Publishers v. Nation Enters., 471 U.S. 539, 563 (1985) ("The law generally recognizes a greater need to disseminate factual works than works of fiction or fantasy.").

make fair use of factual rather than creative or fanciful works.[63] It should have, therefore, been relevant in *Norse* whether or not the copyrighted unpublished letters were characterized as more or less creative or factual. The fact that this central enquiry is not even mentioned is still further indication that the unpublished status of the copyrighted work represents the beginning and the end of the factor two analysis.

Norse does acknowledge that the 1992 amendment to § 107 does not preclude a finding of fair use of unpublished materials.[64] However, this observation does not inform the court's analysis of the second factor, and it does not temper the rigid application of the per se rule; instead it functions merely as a disclaimer, allowing the court to reach its ultimate holding recognizing fair use.

The operation of this per se rule within the second factor directly opposes the Supreme Court's admonishment in *Campbell* that the task of evaluating fair use "is not to be simplified with bright-line rules."[65] The Court there, reviewing the first factor, objected to the Court of Appeals' reduction of its analysis "essentially to one relevant fact,"[66] and commented that the erection of such a per se rule runs counter to the long common-law tradition of fair use adjudication.[67] The manner in which the courts have chosen to review the second fair use factor in cases involving unpublished works is no more thoughtful than the reductive approach to factor one condemned by the Supreme Court in *Campbell*.

III. AN ALTERNATIVE APPROACH

A few cases have provided a less severe and perhaps somewhat more thoughtful approach to the second factor which at least places the inquiry into the creative or factual nature of the work *alongside* the issue of whether the copyrighted work is published or unpublished. According to this analysis, there are essentially four possible permutations of factor two categories — creative-unpublished works, creative-published works, factual-unpublished works, and factual-published works. Citing both *New Era Publications v. Carol Publishing Group* (scope of fair use is narrower with regard to creative works) and *Harper & Row* (scope of fair use is narrower with regard to unpublished works), thus, allows courts to justifiably limit the applicability of fair use in the case of creative-unpublished

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[63] *See* New Era Publ'ns, ApS v. Carol Publ'g Group, 904 F.2d 152, 157 (2d Cir. 1989) ("The scope of fair use is greater with respect to factual than non-factual works.").

[64] *See Norse*, 847 F. Supp. at 146.

[65] *Campbell*, 510 U.S. at 577.

[66] *Id.* at 583 (rejecting the suggestion that commercial use is presumptively unfair).

[67] *See id.* at 585.

works. Such a factual landscape was present in both the recent cases of *Sundeman* and *Blum*, as well as in *Lish v. Harper's*.

Lish had an interesting way of characterizing the manner in which the two categories operate, finding that Lish prevails on the second factor "because of the predominantly creative and expressive nature of the material taken, a fact that is *aggravated* by the unpublished status of the material."[68] This articulation seems to imply that the creative/factual enquiry has some primacy over the published/unpublished issue. Indeed, the *Lish* court concluded that factor two favors Lish based upon the creative nature of the work before even speaking a word about its unpublished status.[69] It is submitted that this is the appropriate manner in which to evaluate the respective importance and interrelationship of these two considerations — a point supported by Judge Leval's instruction that "[t]he second factor should not turn solely, nor even primarily, on the published/unpublished dichotomy."[70]

However, in *Religious Technology Center v. Lerma*, where the work in question was factual-unpublished (that is, where the presumptions are in conflict), the court explicitly held that the unpublished status of the work tipped factor two against a finding of fair use: "while the factual nature of the Works weigh in Lerma's favor, the unpublished nature of the Works . . . weigh against him . . . [and thus] . . . [o]n balance, the second fair use factor tips in favor of RTC."[71] There does not seem to be an inherent logic to that analysis as the court could just as easily have come to the opposite conclusion. Nevertheless, the import of such logic is that, all things being equal, the publication status carries *greater* weight than the fact that the

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[68] Lish v. Harper's Magazine Found., 807 F. Supp. 1090, 1102 (S.D.N.Y. 1992) (emphasis added).

[69] *See id.* at 1101; *see also* Sundeman v. Seajay Soc'y, Inc., 142 F.3d 194 (4th Cir. 1998); Bond v. Blum, 317 F.3d 385 (4th Cir. 2003) (which seem to afford equal weight to the two categories but which do consider the creative/factual distinction before looking at the published status of the work).

[70] Leval, *supra* note 23, at 1118. The disconnect between the factual/creative inquiry and the published/unpublished inquiry is illustrated by the parenthetical factor two summaries which *Campbell* lists within its own such review: *Stewart v. Abend*, 495 U.S. 237-38 (1990) (contrasting fictional short story with factual works); *Harper & Row, Publishers v. Nation Enters.*, 471 U.S. 539, 563-64 (1985) (contrasting soon-to-be-published memoir with published speech); *Sony Corp. of Am. v. Universal Studios, Inc.*, 464 U.S. 417, 455 n.40 (1984) (contrasting motion pictures with news broadcasts); *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 348-51 (1991) (contrasting creative works with bare factual compilations). *Harper & Row* is out of place in this list where all of the other authorities are based upon some measurement of the creative versus the factual.

[71] Religious Tech. Ctr. v. Lerma, 1996 WL 633131, at *8 (E.D. Va. 1996) [hereinafter *Lerma*-1996].

copyrighted work is factual in nature. This reasoning not only contradicts the primacy which *Lish* seems to afford the creative/factual enquiry, but also may veil what is essentially the functional equivalent of the per se rule that exists in *Norse*.[72] That is, if a work's unpublished status (tending to *negate* fair use) will always trump the fact that the same work is factual in nature (tending to *support* fair use), then there is little room for anything but the inference that a non-rebuttable presumption attaches to any situation involving unpublished materials.

The most disorienting feature of the *Lerma*-1996 decision, however, is its marked departure from the 1995 case[73] involving the same parties and decided by the same judge (hereinafter *Lerma*-1995). In *Lerma*-1995, Judge Brinkema stated that the "unpublished nature plays a minimal role in this court's consideration."[74] In this case, Judge Brinkema distinguished *Harper & Row* by calling attention to the unique facts of that case as discussed above (the bad-faith "scooping" of a competitor's story) and invoked the language of the 1992 amendment in order to diminish the significance of the unpublished status.[75] No case may provide language more favorable to the fair use of unpublished materials than *Lerma*-1995. *Lerma*-1996, however, quickly neutralized any pro-fair use momentum that may have been gained through the earlier case. The latter case did not distinguish *Harper & Row* as *Lerma*-1995 had done and in fact employed the language of *Harper & Row* to find *against* fair use. Similarly, the latter case somehow does not even mention the 1992 amendment that explicitly informed its decision in the earlier case.[76] The juxtaposition of these two cases creates a concern over more than the mere consistency of decisions — the greater danger here exists in that the simultaneous endorsement of contradictory positions of law creates the appearance that the factors analysis can be manipulated in order to achieve a particular result.

Inconsistency is not limited to the conflict between these two cases. As noted above, the presumption against fair use of unpublished works

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[72] Of course, measuring the creative nature of a work can involve locating a place on a continuum, with many shades in between, whereas the publication status, even when litigated, should usually be resolved in more of a back and white fashion. Thus, it is admitted that a *marginally* creative-unpublished work may be insufficient to carry the second factor in favor of fair use; however, it is not evident that the courts have yet desired or chosen to make an analysis on this subtle of a level.

[73] Religious Tech. Ctr. v. Lerma, 897 F. Supp. 260 (E.D. Va. 1995).

[74] *Id.* at 264.

[75] *See id.*

[76] *See* Spoo, *supra* note 14, at 197 (describing the "two faces of Judge Brinkema" with regard to the selective application of *Harper & Row* and the 1992 amendment in these two cases).

continues today. Nevertheless, the lower courts will occasionally introduce entirely novel and surprising interpretations, sometimes favorable to fair use. In *Psihoyos v. National Examiner*,[77] for example, the district court reasoned that "it appears improper to narrow the scope of the fair use doctrine simply because the photo at issue has not been published."[78] *Psihoyos* limits the holding of *Harper & Row* to mean that the scope of fair use is narrower with respect to unpublished works *that are held confidential by their owner*.[79] Therefore, the court here actually carves out an exception which provides that "if the author does not seek confidentiality, fair use is not precluded as to an unpublished work."[80] While this lower court decision might seem to encouraging to those who would like to see greater leeway for the fair use of unpublished works, there is little support for it in other decisions and it serves only to further muddy the doctrine.

The concerns over the role of the second factor in unpublished works cases may be quelled to a certain extent by suggestions of the relative lack of importance of that factor generally. The Second Circuit, for example, recently commented that the second factor "is rarely found to be determinative."[81] Beyond such diminishing characterizations, there may be an inherent limitation operating within factor two in as much as its measurement of the creative versus the factual nature of the work represents an analysis which may have already been completed in the threshold question of whether the work is even copyrightable in the first place.[82] Furthermore, regardless of whatever significance any particular court might want to afford any particular factor,[83] the impact of a strong presumption against unpublished works within factor two must be balanced against the routinely favorable treatment that scholarly works are likely to receive in factor one.[84] In *Salinger*, and other cases, the courts have found that scholarly work and biography fit within the categories contemplated

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77 49 U.S.P.Q.2d 1766 (S.D.N.Y. 1998).

78 *Id.* at 1769.

79 *See id.*

80 *Id.*

81 Davis v. The Gap, Inc., 246 F.3d 152, 175 (2d Cir. 2001); *see also* Hofheinz v. Discovery Communications, Inc., 60 U.S.P.Q.2d 1845, 1849 (S.D.N.Y. 2001.) *But see* Leval, *supra* note 23, at 1116 (stating that "[t]he nature of the copyrighted work is a factor that has been only superficially discussed and little understood").

82 *See* Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340 (1991).

83 The courts have further contributed to the confusion surrounding fair use by offering conflicting announcements about which factor is the most important.

84 17 U.S.C. § 107(1) (2000) (the purpose and character of the use).

in the preamble to § 107[85] and, therefore, carry a presumption of factor one validity even where they may be commercial. Any wholesale diminishment of factor two, however, fails to uphold the *Campbell* directive and, ultimately, does not resolve the uncertainties that compromise the efficacy of the doctrine.

Finally, it is important to note the strange impact that the small universe of case law on unpublished materials has had on fair use cases generally. Certain cases involving published works (the norm) have begun to appropriate, through a kind of inverse extrapolation, the arguments that have been employed in unpublished cases.[86] In a twist of logic that was perhaps not contemplated when the first unpublished cases were decided, some courts have seemingly reasoned that if the unpublished status of a work tends to weigh against a finding of fair use, then it must be the case that the published status of a work would weigh in favor of a fair use finding. In *Byrne v. BBC*, a district court reasoned that "published works . . . qualify for far less protection against fair use, and, therefore, even where the work is creative, the second factor may not weigh as decisively in the copyright holder's favor where the work has been previously distributed."[87] This development represents the tortured outgrowth of the overemphatic protection from fair use that the courts have provided to unpublished works. The normal, everyday work should not receive less copyright protection (via an increased entitlement in others to make a fair use of the work) simply because the work has been published.

IV. THE PUBLISHING WORLD

The publishing industry's response to the *Harper & Row* and *Salinger* decisions was dramatic.[88] "*Salinger* was transposed by the marketplace into simplistic rules intended solely to avoid litigation."[89] No longer would

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[85] *Id.* § 107 ("the fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching . . . scholarship, or research, is not an infringement of copyright").

[86] *See, e.g.*, Byrne v. British Broad. Co., 132 F. Supp. 2d 229 (S.D.N.Y. 2001); Gordon v. Nextel Communications, Inc., No. 00-73201, 2001 U.S. Dist. LEXIS 25048 (E.D. Mich. Apr. 13, 2001).

[87] 132 F. Supp. 2d 229, 235 (S.D.N.Y. 2001). *But see* Video Pipeline v. Buena Vista Home Entm't, 342 F.3d 191, 201 (3d Cir. 2003) (reasoning that the second statutory factor does not necessarily weigh in favor of finding fair use simply because the work was published).

[88] *See* Crews, *supra* note 15, at 42 (noting that the "subtleties of legal interpretations were relatively meaningless" to authors and publishers and that the initial cases coming out of the Second Circuit "left little room for comfortable decision making when faced with the risks of potential copyright infringement").

[89] *Id.* at 10-11.

decisions regarding the fair use quoting of copyrighted materials be left to the discretion of authors and their editors — instead, publishers would now require that authors obtain permission to use any copyrighted material.[90] The impetus for these draconian measures may not have been based on the fact that publishers recognized a strong parallel between their pending projects and the facts of *Salinger*, but instead might be attributed to the fact that those publishers simply understood *Salinger* to impose a blanket prohibition of the fair use of unpublished works.[91] The question thus becomes whether the 1992 amendment and the subsequent case law have clarified the law sufficiently to allow the industry to emerge from the protective trenches into which they retreated after *Salinger*.

By most accounts, it seems that despite legislative and judicial attempts to reverse the effects of *Salinger*, publishers today have essentially retained the same conservative posture which they adopted over a decade ago.[92] Writing in 1999, one observer noted that "it [has been] hard to discern a marked liberalization in the fair use of unpublished sources" in the years since the amendment became law.[93] The main tool which publishers have employed to insulate themselves from liability is the publishing contract — the terms of which define an iron-clad private law of fair use. "Standard trade publishing contracts and in-house 'fair use' guidelines" have been described as "much more restrictive of fair use than even the most restrictive judicial interpretations."[94] These contractual provisions and guidelines impose rigid rules based often upon little more than arbitrary word counts.[95] The contracts usually require authors to secure permission for any use of copyrighted works and to warrant that the work to be published does not infringe upon any copyrights.[96] Authors have little or no bargaining power in these situations,[97] a reality to which other areas

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[90] *See* Orlans, *supra* note 29 (observing that the "cautious publisher recognizes little or no fair use and obtains written permission for almost all quotations").

[91] *See* Crews, *supra* note 15, at 10-11.

[92] *See* Orlans, *supra* note 29 (noting the exceptionally severe treatment which publishers have given to the use of unpublished materials).

[93] *Id.*

[94] O'Neill, *supra* note 22, at 397; *see also* Crews, *supra* note 15, at 41 (stating that whether or not the cases created a per se rule against fair use of unpublished works, the readers of these cases responded as if the law had made exactly that sweeping development).

[95] *See* O'Neill, *supra* note 22; *see also* Orlans, *supra* note 29 (reviewing actual numerical guidelines employed by various publishers).

[96] *See* Orlans, *supra* note 29 (providing example of typical contract provision assigning the author with the legal responsibility for obtaining permissions).

[97] *See* O'Neill, *supra* note 22; *see also* Spoo, *supra* note 14, at 199, (noting that the unequal bargaining plane is further tipped in the publisher's advantage by

of copyright law, such as those addressing renewal issues, have been perhaps more sensitive.

The problem with such conservative policies is one of overcompensation. One observer has commented that publishers, even the more scholarly-minded university presses, "too often . . . require their authors to seek detailed permissions for quotations — published as well as unpublished — that by any reasonable calculus fall within the privilege of fair use."[98] However, publishers, it might be argued, are simply making a rational cost-benefit calculation, weighing the risk of an infringement suit against the benefits of allowing, without permission, the use of the unpublished source material.[99] The risks are tangible and can be measured in dollar figures[100] whereas the benefits are more nebulous and, in fact, are in most cases unlikely to be realized in terms of any sort of increased sales or value.[101] Those nebulous benefits, however, are critical to the author's concerns for accuracy and quality and may be an important factor in the degree to which the critical work enriches the cultural fund of knowledge in a particular area. In short, the reading public pays the price — a result seemingly at odds with the objectives of copyright.

V. THE WIDOW CENSOR

An additional obstacle standing in the way of scholarly fair use of unpublished materials exists in the form of the literary estate. The estate of a writer may deny permission to quote from certain writings, or may simply deny access to the deceased writer's papers — the kind of discretion that in another context might be labeled as a prior restraint. The estate, of course, has every right to deny permission in carrying out its fiduciary duty. The literary executor is charged with a dual role of generating revenue and protecting the quality and reputation of the author.[102]

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the fact that the demand to obtain permissions may occur only after the author has already been made to endure having the manuscript approved).

98 Spoo, *supra* note 14, at 199. Such overcompensation may not be limited to unpublished works. *See, e.g.*, Orlans, *supra* note 29 (providing a specific example where a publisher paid for permission to use quotations that would "clearly meet every fair use provision of the law . . . [only in order] . . . to obviate the miniscule . . . risk of suit").

99 *See* O'Neill, *supra* note 22, at 400-01 (noting that most publishers have no incentive to permit uses that might satisfy the fair use standards because the risk of loss, even if minimal, outweighs what little financial benefit could possibly derive from the inclusion of the borrowed language).

100 *See* Crews, *supra* note 15, at 42 (itemizing potential damages calculations).

101 After all, if the added material greatly enhanced the value then it might be indicative of the fact that factor four should weigh heavily against fair use.

102 *See generally* John T. Aquino, *Authors' Estates: Defining the Role of Literary Executor*, ENT. L. & FIN., Oct. 1999, at 1 (explaining that a literary executor is a specialized fiduciary with financial responsibility to a writer's estate);

This level of protection, however, is outside the scope of copyright law and, in fact, can often be opposed to the goals of copyright. Judge Leval has commented that:

> [a] ban on fair use of unpublished documents establishes a new despotic potentate in the politics of intellectual life — the "widow censor." A historian who wishes to quote personal papers of deceased public figures now must satisfy heirs and executors for fifty [or seventy] years after the subject's death. When writers ask permission, the answer will be, "Show me what you write. Then we'll talk about permission." If the manuscript does not exude pure admiration, permission will be denied.[103]

Although difficult to measure, it seems that such protectionist literary estates were emboldened by the *Salinger* decision.[104] Furthermore, it seems that they have been able to maintain their selectively uncooperative posture despite the 1992 amendment and subtle waves in the case law — developments which are entirely irrelevant to an estate which can deny access and/or permission regardless of the state of the fair use doctrine. Thus, content-based determinations motivated by politics or money or whimsy may mean that permissions for certain uses of unpublished materials may never be granted, and that fair use may be the only option where such use is deemed vital to a work of criticism.

Fair use, however, may not even be an option in certain circumstances: the more dramatic restraint occurs when *access* to the materials themselves is denied.[105] An estate may control access to the unpublished writings of an author when it maintains a private library or collection or is otherwise in control of the physical property itself.[106] In addition, the estate may control access via contractual agreements with libraries and de-

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see also IAN HAMILTON, KEEPERS OF THE FLAME: LITERARY ESTATES AND THE RISE OF BIOGRAPHY viii (1992) (describing the dual role more elegantly: "there is the gem-like flame of art and there is the private bonfire, the trustful guardian of secret matters").

103 Leval, *supra* note 23, at 1118.

104 *See id.* at n.64.

105 *See Unpublished Works*, INFO. OUTLOOK, Oct. 1, 2000, at 43 (stating that "an archives may decide to restrict access to the copy it holds and thus prevent anyone from using the work in any way or may seriously restrict its use").

106 The following describes an example of such estate-controlled access, and seems to confirm Judge Leval's speculations: "Doon Arbus was 26 when Diane [Arbus] died . . . [and] took on the responsibility of managing the estate. Her response to critics was to clamp the spigot shut. Arbus's letters, journals, and diaries could not be examined. Anyone wishing to reproduce Arbus photographs would have to submit the article for Doon's vetting; any museum contemplating a retrospective had to enlist her active collaboration. In almost all cases, permission was denied. Unsurprisingly, critics and

positories where the materials are stored.[107] For example, several scholarly book projects on Graham Greene have been frustrated because access to the Greene archive at Georgetown University's library has been restricted to a single individual.[108] The writer, her estate, or any other donor of materials may deposit unpublished writings with a library subject to any imaginable set of conditions.[109] These conditions become a further layer of private law which may constrain fair use. If one of the conditions, for example, were that the unpublished work could not be copied, published, quoted or paraphrased, that restraint would have its basis in the contractual agreements between the donor and the library and between the user and the library — not in copyright law.

It could very well be that a certain work not entitled to any copyright protection — perhaps because it is in the public domain, or because it is so purely factual that it is not a copyrightable work of expression — would nevertheless be protected under contract law. Likewise, the fair use quoting of unpublished works may be precluded by such conditions on access. In fact, fair use of unpublished works is particularly prejudiced by these situations because unlike the critic who may decide that it is within fair use bounds to quote a small portion of a well-known copyrighted published work and so pulls the book down from his shelf and copies the chosen selection, the researcher needs, first and foremost, *access* to unpublished archived materials as a basis for her own critical commentary.

The gate-keeping function of a literary estate or a library invites analogy to the modern day universe of shrink-wrap and click-wrap licensing.[110] The cellophane wrapper that envelops a box of software, or the "Accept or Decline" window that pops up just prior to a download oper-

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scholars fumed." Arthur Lubow, *Arbus Reconsidered*, N.Y. TIMES MAG., Sept. 14, 2003, at 30.

107 *See* Salinger v. Random House, 811 F.2d 90, at 95 (2d Cir. 1987) (explaining that "having ownership of the physical document, the recipient . . . [of a letter] is entitled to deposit it with a library and contract for the terms of access to it"); *see generally* Laura Gasaway, *Archival Materials and Copyright Ownership*, INFO. OUTLOOK, June 1, 2003, at 7.

108 *See* Sarah Lyall, *A Literary Battle that May Hang By a Comma*, N.Y. TIMES, Mar. 16, 2002, at B7.

109 *See* Robert Spoo, *Copyright Law and Archival Research*, J. MOD. LIT., Winter 2000, at 205 (explaining that those donating materials to a library, whether the copyright owners or not, "can ensure by contract that certain documents will remain sealed for a specified number of years, that documents will be shown only under certain conditions or to pre-approved persons, or that no copying will be made of documents").

110 Although these specialized license agreements strain traditional contract notions regarding mutual assent, shrink-wrap and click-wrap licenses have been upheld by the courts. In *ProCD v. Zeidenberg*, 86 F.3d 1447, 1449 (7th Cir. 1996), the Seventh Circuit concluded that "shrinkwrap licenses are en-

ates in very much the same fashion as a literary estate or research library. In both cases, there is a barrier to entry — a barrier which is easily enough removed by the simple acceptance of certain terms and conditions. In both cases, however, those terms and conditions, which may be laden with *restrictions* on use, will rarely if ever be negotiable: one either accepts or declines. To decline is to have no access at all. Those who accept, on the other hand, have seemingly consented to restrictions regarding what may be done with the fruits of the access they have just been granted. And in both cases, copyright law and its values may be made subordinate to the black and white letter of the private law of an individual contract.

The connection between library access agreements and click-wrap licenses need not be drawn by analogy only. A click-wrap reality may very well be materializing with regard to access and use of unpublished materials, particularly those housed in special collections departments of university libraries.[111] The digitalization of special collections is a monolithic task which despite its daunting logistics is well underway — and to impressive results.[112] For example, digitized images of Walt Whitman's original handwritten manuscripts are available for all to see on the Internet.[113] In some ways, this kind of project represents the apotheosis of all the romantic projections about what the Internet could do that we heard during the early days of its emergence. This, or something like it, is likely what politicians had in mind when they were making promises about the potential of the information superhighway. For example, you need not be a Ph.D. candidate in order to see the handwritten Whitman manuscripts. However, as libraries have the patience and resources to make more and more works available in digital format, the same donor-mandated restrictions on use that would be imposed upon the visitor to the library, may now be effectu-

forceable unless their terms are objectionable on grounds applicable to contracts in general."

111 UMI provides various services for graduate students working on their dissertations. Their Web site advises that while a growing range of electronic materials is now available for research, the right to use such materials is often determined not only by copyright law, but also by contractual obligations and licensing agreements. *See Roadmap for Copyright Compliance, available at* http://www.umi.com/hp/Support/DExplorer/copyrght/Part3.html (last visited May 16, 2003).

112 *See, e.g.*, the "Digital Scriptorium," a digitized collection made available by the Rare Book, Manuscript, and Special Collections Library at Duke University, *at* http://scriptorium.lib.duke.edu/#collections (last visited May 16, 2003); Yale University's Manuscripts and Archives Digital Collections Database, *at* http://www.library.yale.edu/libraries/digcoll.html#mssa (the "Manuscripts and Archives Digital Image Database" is under development) (last visited May 16, 2003).

113 *See* [Whitman] Manuscripts, *at* http://jefferson.village.virginia.edu/whitman/manuscripts.

ated by a simple click-wrap agreement. However, the muscle behind the restrictions may eventually be backed up by more than simply the terms of an individual contract — in certain circumstances they may also have the full force of federal law behind them in the form of the anti-circumvention provisions of the Digital Millennium Copyright Act.[114] It is beyond the scope of this article to explore the ways in which the DMCA threatens fair use. It is important to note, however, that the critical issue is the same that has been explored here: namely, that the restrictions on access are broader than what copyright itself would protect. These access barriers represent another unfair restriction on fair use and the public domain.

Discussions about copyright law seem often to inspire apocalyptic predictions about the end of this, or the death of that. Against such notions as applied to fair use, it must be acknowledged that while the fair use doctrine may be challenged by the current legal and technological landscape, individuals continue to perform the activities that define fair use. Truly successful fair use happens in silence, not in a court room: writers are not likely to draw attention to the fact they "got away with" a fair use, nor will it necessarily even occur to certain authors that they have exercised their fair use rights.[115] Nevertheless, the challenges must not be ignored. Judge Leval has stated that "[f]air use should not be considered a bizarre, occasionally tolerated departure from the grand conception of the copyright monopoly. To the contrary, it is a necessary part of the overall design."[116] Such an understanding of the role of fair use is critical to the future health of fair use, not just as a legal doctrine, but as a vehicle for knowledge and scholarly endeavors. The Supreme Court made a critical turn in *Harper & Row* when it, perhaps correctly, rejected the argument that fair use should apply *in pari materia* to published and unpublished works.[117] The exact manner in which fair use of unpublished materials should be diminished, however, has never been resolved. In order to face the myriad challenges of conducting scholarly research in the digital age, scholars need, at a minimum, the foundation of a more consistent and coherent case law.

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114 17 U.S.C. § 1201 (2000).

115 *See* Orlans, *supra* note 29 (stating that "[s]cholars continue to quote varying amounts without permission, as they have long done, until an editor, alerted by a lawyer . . . rightly or wrongly requires it").

116 Leval, *supra* note 23, at 1110.

117 *See* Harper & Row, Publishers v. Nation Enters., 471 U.S. 539, 552 (1985).

JUDGE LEVAL'S TRANSFORMATION STANDARD: CAN IT REALLY DISTINGUISH FOUL FROM FAIR?

by MITCH TUCHMAN*

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I. INTRODUCTION

"Fair is foul, and foul is fair." The incantation of three weird sisters[1] or the mnemonic exsufflation of a panel of the Second Circuit as it nears the thicket of yet another fair use conundrum? Congress, demurely noting the judicial origins of the doctrine of fair use in copyright, cast but a dim light in crafting 17 U.S.C. § 107,[2] then passed that sputtering torch from

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[1] WILLIAM SHAKESPEARE, THE TRAGEDY OF MACBETH, act 1, sc. 1.

[2] "Section 107 [of the Copyright Act of 1976] requires a case-by-case determination whether a particular use is fair, and the statute notes four nonexclusive factors to be considered. This approach was 'intended to restate the [pre-existing] judicial doctrine of fair use, not to change, narrow, or enlarge it in any way.' H.R. Rep. No. 94-1476, at 66 (1976)." Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 549 (1985).

the hands of the legislature back to those of the judiciary.[3] Courts, construing the fair use statute, have attempted, at least since the Ninth Circuit's majority opinion in *Universal City Studios, Inc. v. Sony Corp. of America*,[4] to ignite some reliable beacon. A ray of hope appeared to emanate from a test propounded by Judge Pierre N. Leval in 1990.[5] His proposed standard, transformative use,[6] has flourished in the courts and among commentators; it is now a doctrine unto itself. Still it remains possible for one to doubt what is reflected in its glow.

It takes two passes to really get the point of Leval's 1990 essay, *Toward a Fair Use Standard*: the first for content, the second for context. Two distinct stories are told (and have been retold by Leval in subsequent essays and addresses).[7] These stories are linked by a filament so fine that a reader might easily overlook it and having done so, fail to ponder whether transformative use is a diaphanous veil or a shroud behind which subscribing judges, unwitting or resigned, continue in close cases to permit aesthetics to operate as an inarticulable test in copyright law. Courts may not have enunciated a cogent set of fair use principles, Leval admits in his opening paragraph, resulting in inconsistent judgments (to which he him-

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[3] The House Report concerning the fair use section of the Copyright Act of 1976, Pub. L. No. 94-553, states:

> The bill endorses the purpose and general scope of the judicial doctrine of fair use, but there is no disposition to freeze the doctrine in the statute, especially during a period of rapid technological change. Beyond a very broad statutory explanation of what fair use is and some of the criteria applicable to it, the courts must be free to adapt the doctrine to particular situations on a case-by-case basis." H.R. REP. NO. 94-1476, at 66, *reprinted in* 1976 U.S.C.C.A.N. 5659, 5680.

Leon Seltzer, a vituperative critic of the 1976 Copyright Act, excoriates Congress for two failures: failure to define fair use and failure to distinguish clearly between fair use and exempted uses: "Congress . . . has failed to articulate a coherent rationale for copyright, it has failed to define fair use, it has introduced confusions between fair use and exempted use, and it has in the end tossed the fair use question, now thoroughly enmeshed in contradictions, back to the courts." LEON SELTZER, EXEMPTIONS AND FAIR USE IN COPYRIGHT: THE EXCLUSIVE RIGHTS TENSIONS IN THE 1976 COPYRIGHT ACT 17 (1977).

[4] 659 F.2d 963 (9th Cir. 1981), *rev'd sub nom.*, Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417 (1984).

[5] Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105 (1990) [hereinafter *Fair Use Standard*]. Leval was at that time a federal judge of the Southern District of New York. He is now a judge on the Court of Appeals for the Second Circuit.

[6] *Id.* at 1111.

[7] *See, e.g.*, Pierre N. Leval, *Campbell v. Acuff-Rose: Justice Souter's Rescue of Fair Use*, 13 CARDOZO ARTS & ENT. L.J. 19 (1994) [hereinafter *Justice Souter's Rescue*]; Pierre N. Leval, *Nimmer Lecture: Fair Use Rescued*, 44 UCLA L. REV. 1449 (1997) [hereinafter *Nimmer Lecture*].

self pleads guilty),[8] but that does not mean that such a set of principles is undiscoverable. Leval then purports to have made that discovery: "This commentary suggests that a cogent set of governing principles exists," he writes, "and is soundly rooted in the objectives of the copyright law."[9]

II. CONTENT

The fair use (not to mention the exempted use) of a copyrighted work is an unlicensed use that is not infringing.[10] Simple in concept, it is notoriously difficult to define. The best that the law has done is to recommend ways in which to conduct an inquiry into a challenged use. The essentials, laid out 160 years ago by Justice Story, have not been much altered since.

> In short, we must often . . . 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.[11]

Story's three-factor test became a four-factor test in the formulation eventually codified by Congress in the Copyright Act of 1976.[12]

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[8] "[M]y own decisions had not adhered to a consistent theory." Leval, *Fair Use Standard*, *supra* note 5, at 1105.

[9] *Id.* at 1105 (footnote omitted).

[10] "'Fair use' is a 'privilege in others than the owner of a copyright to use the copyrighted material in a reasonable manner without his consent.'" Rosemont Enters., Inc. v. Random House, Inc., 366 F.2d 303, 306 (2d Cir. 1966) (quoting H. BALL, COPYRIGHT AND LITERARY PROPERTY 260 (1944)).

[11] Folsom v. Marsh, 9 F. Cas. 342, 348 (C.C.D. Mass. 1841) (No. 4901), *quoted in* Leval, *Fair Use Standard*, *supra* note 5, at 1105. *Folsom v. Marsh* involved a charge of "piracy" brought by the publishers of a twelve-volume anthology of George Washington's writings against the publishers of a biography of Washington that took the form of an autobiography to the degree that it was composed of selections from his letters, 319 of which were available from no published source other than the plaintiffs' copyrighted materials.

[12] *See* 17 U.S.C. § 107 (2000):

> Notwithstanding the provisions of sections 106 and 106A, 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

Leval, like other commentators, rues the lack of defining guidance provided by Congress in formulating § 107.

> These formulations . . . furnish little guidance on how to recognize fair use. The statute, for example, directs us to examine the "purpose and character" of the secondary use[13] as well as "the nature of the copyrighted work."[14] Beyond stating a preference for the critical, educational, and nonprofit over the commercial, the statute tells little about what to look for in the "purpose and character" of the secondary use. It gives no clues at all regarding the significance of "the nature of" the copyrighted work. Although it instructs us to be concerned with the quantity and importance of the materials taken[15] and with the effect of the use on the potential for copyright profits,[16] it provides no guidance for distinguishing between acceptable and excessive levels. Finally, although leaving open the possibility that other factors may bear on the question, the statute identifies none.[17]

This lack of guidance results in decisions that Leval characterizes as "intuitive";[18] by degrees they appear to be ad hoc judgments that rely on aesthetic hunches and cultural prejudices.

Where Leon Seltzer's quixotic antidote for what he perceived to be a botched job by the legislature was a thorough and immediate reformation in line with the purpose of copyright, albeit one unarticulated in the present statute,[19] Leval appears comfortable with courts pursuing their traditional course vis-à-vis fair use as long as they remain focused on the objectives of copyright rather than the equities of property.

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(4) the effect of the use upon the potential market for or value of the copyrighted work.

13 *See id.* § 107(1).

14 *See id.* § 107(2).

15 *See id.* § 107(3).

16 *See id.* § 107(4).

17 Leval, *Fair Use Standard*, *supra* note 5, at 1106.

18 *Id.* at 1107.

19 *See generally* SELTZER, *supra* note 3. "[T]hough the new [1976] statute says nothing about the general purpose of copyright either in the text or in the accompanying reports, the legislative committee report on the 1909 bill did. It set out the purpose of copyright as follows:

> The enactment of copyright legislation by Congress under the terms of the Constitution is not based on any natural rights that the author has in his writings, for the Supreme Court has held that such rights as he has are purely statutory rights, but upon the ground that the welfare of the public will be served and progress of science and useful arts will be promoted. . . . Not primarily for the benefit of the author, but primarily for the benefit of the public, such rights are given. *Id.* at 9-10.

> The doctrine of fair use need not be so mysterious or dependent on intuitive judgments. Fair use should be perceived not as a disorderly basket of exceptions to the rules of copyright, nor as a departure from the principles governing that body of law, but rather as a rational, integral part of copyright, whose observance is necessary to achieve the objectives of that law.[20]

A. Objective(s)

Indeed copyright has but one objective — the enrichment of the public domain — and one principal means of achieving it — the granting to the author of nearly exclusive rights of exploitation of the work.[21] This is not the only incentive available to authors.[22] It is, however, the only incentive provided by the Constitution and the statute.

Copyright is a bargain, a tradeoff. Leval writes,

> The copyright law embodies a recognition that creative intellectual activity is vital to the well-being of society. It is a pragmatic measure by which society confers monopoly-exploitation benefits for a limited duration on authors and artists (as it does for inventors), in order to obtain for itself the intellectual and practical enrichment that results from creative endeavors.[23]

He asks, "If copyright protection is necessary to achieve this goal, then why allow fair use?" And answers, maintaining his focus on cultural aspirations rather than equities, "Notwithstanding the need for monopoly protection of intellectual creators to stimulate creativity and authorship,[24] excessively broad protection would stifle, rather than advance, the objective."[25]

> First, all intellectual creative activity is in part derivative. There is no such thing as a wholly original thought or invention. Each advance stands on building blocks fashioned by prior thinkers. Second, important areas of intellectual activity are ex-

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[20] Leval, *Fair Use Standard*, *supra* note 5, at 1107.

[21] Those rights include the reproduction of the copyrighted work, the preparation of derivative works, the distribution of copies of the work, the public performance and public display of the work, and in the case of sound recordings public performance by means of digital audio transmission. 17 U.S.C. § 106 (2000).

[22] First and foremost the author writes to satisfy himself, to vanquish her demons, to solve puzzles, to propitiate the gods, to avoid more sinister pleasures, to face and overcome challenges. Writing, like virtue, is its own reward.

[23] Leval, *Fair Use Standard*, *supra* note 5, at 1109.

[24] Has the existence of this "need" ever been demonstrated? Can it be?

[25] Leval, *Fair Use Standard*, *supra* note 5, at 1109.

> plicitly referential. Philosophy, criticism, history, and even the natural sciences require continuous reexamination of yesterday's theses.[26]

Time and again Leval reiterates this perspective — "Briefly stated, the use must be of a character that serves the copyright objective of stimulating productive thought and public instruction without excessively diminishing the incentives for creativity. One must assess each of the issues that arise in considering a fair use defense in the light of the governing purpose of copyright law"[27] — making clear that copyright is less a matter of private authorial protection than public benefit.

B. The Four Factors — of Which the First Is "the Soul of Fair Use"

Leval reviews the four factors articulated by Congress, of which the first, the purpose and character of the use, is most fundamental to his argument.

"Factor One," Leval contends, "raises the question of justification. Does the use fulfill the objective of copyright law to stimulate creativity for public illumination? This question is vitally important to the fair use inquiry, and lies at the heart of the fair user's case." Leval calls Factor One "the soul of fair use."[28]

"I believe the answer to the question of justification turns primarily on whether, and to what extent, the challenged use is transformative."[29] In Leval's formulation, transformation has two characteristics: "The use must be productive and must employ the quoted matter in a different manner or for a different purpose from the original."[30]

> A quotation of copyrighted material that merely repackages or republishes the original is unlikely to pass the test; in Justice Story's words, it would merely "supersede the objects" of the original. [*Folsom*, 9 F. Cas. at 345] If, on the other hand, the secondary use adds *value* to the original — if the quoted matter is used as raw material, transformed in the creation of new information, new aesthetics, new insights and understandings — this is the very type of activity that the fair use doctrine intends to protect for the enrichment of society. . . .
>
> The first fair use factor calls for a careful evaluation whether the particular quotation is of the transformative type that ad-

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[26] *Id.*

[27] *Id.* at 1110.

[28] *Id.* at 1116.

[29] *Id.* at 1111.

[30] *Id.* Leval argues later that a fair use should be "productive and transformative," as if the former were not a feature of the latter. *Id.* at 1126.

> vances knowledge and the progress of the arts or whether it merely repackages, free riding on another's creations. If a quotation of copyrighted matter reveals no transformative purpose, fair use should perhaps be rejected without further inquiry into the other factors.[31]

While the first factor, Leval maintains, goes to the objective of copyright, the remaining three factors go to the incentives of authors, the means of achieving that objective. In construing the second factor — "the nature of the copyrighted work"[32] — he distinguishes between works intended for public use — "artistic or instructive creation"[33] — and those intended for some private purpose — "a message or a memo."[34]

> [T]he second factor should favor the original creator more heavily in the case of a work (including superseded drafts) created for publication, than in the case of a document written for reasons having nothing to do with the objectives of copyright law.[35]

Leval submits, following Story's formulation of this factor — the "value of the materials used"[36] — that an act of discriminatory judgment, if not literary judgment, is warranted:

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31 *Id.* at 1116.

32 17 U.S.C. § 107(2) (2000).

33 Leval, *Fair Use Standard*, *supra* note 5, at 1117.

34 *Id.*

35 *Id.* Justice Story himself declined to make precisely this distinction in *Folsom v. Marsh*.

> [A]s to the supposed distinction between letters of business, or of a mere private or domestic character, and letters, which, from their character and contents, are to be treated as literary compositions, I am not prepared to admit its soundness or propriety. It is extremely difficult to say, what letters are or are not literary compositions. In one sense, all letters are literary, for they consist of the thoughts and language of the writer reduced to written characters, and show his style and his mode of constructing sentences, and his habits of composition. Many letters of business also embrace critical remarks and expressions of opinion on various subjects, moral, religious, political and literary. What is to be done in such cases? Even in compositions confessedly literary, the author may not intend, nay, often does not intend them for publication; and yet, no one on that account doubts his right of property therein, as a subject of value to himself and to his posterity. If subsequently published by his representatives, would they not have a copyright therein?" 9 F. Cas. 342, 346 (C.C.D. Mass. 1841) (No. 4901).

36 *Id.* at 344. Assuming for the sake of argument that Leval is correct in equating the second of Story's three factors with the second of the statute's four factors, though one might argue just as persuasively that "Story two" and "Factor three" are the more appropriate pair, that "value" in Story does not translate into "nature," as Leval would have it, but the equally likely "amount and substantiality."

> Justice Story's word choice is more communicative than our statute's "nature of," as it suggests that some protected matter is more "valued" under copyright law than others.[37] This should not be seen as an invitation to judges to pass on literary quality, but rather to consider whether the protected writing is of the creative or instructive type that the copyright laws value and seek to foster. . . .[38]
>
> At issue is the advancement of the utilitarian goal of copyright — to stimulate authorship for the public edification.[39]

Regarding the second factor, Leval concludes, "The more the copyrighted matter is at the center of the protected concerns of the copyright law, the more the other factors, including justification, must favor the secondary user in order to earn a fair use finding."[40]

The third factor — "the amount and substantiality of the portion used in relation to the copyrighted work as a whole"[41] — is self-explanatory. With regard to the transformative use standard, Leval writes, "A solid transformative justification may exist for taking a few sentences that would not, however, justify a taking of larger quantities of material."[42]

Similarly, with regard to the fourth factor — "the effect of the use upon the potential market for the copyrighted work"[43] — Leval reckons, "The utilitarian concept underlying the copyright promises authors the opportunity to realize rewards in order to encourage them to create. A secondary use that interferes excessively with an author's incentives subverts the aims of copyright. Hence the importance of the market factor."[44]

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[37] It is critical to note that this interpretation of Justice Story's intent in his adoption of the word *value* is by no means inevitable. The word appears three times earlier in the same paragraph of Justice Story's opinion. In the first instance — "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" — seems to go to the commercial sense of *value*. The second and third instances clearly refer to the significance of a particular passage to a literary work as a whole. Justice Story quotes then-recent British precedent: "One writer might take all the vital part of another's book, though it might be but a small proportion of the book in quantity. It is not only quantity, but value, that is always looked on." *Folsom*, 9 F. Cas. at 348.

[38] *Id.*

[39] Leval, *Fair Use Standard*, *supra* note 5, at 1118-19.

[40] *Id.* at 1122.

[41] 17 U.S.C. § 107(3) (2000).

[42] Leval, *Fair Use Standard*, *supra* note 5, at 1123.

[43] 17 U.S.C. § 107(4) (2000).

[44] Leval, *Fair Use Standard*, *supra* note 5, at 1124.

The Supreme Court called the fourth factor "the single most important element of fair use,"[45] but Leval takes exception to this as an overstatement.

> By definition every fair use involves some loss of royalty revenue because the secondary user has not paid royalties. Therefore, if an insubstantial loss of revenue turned the fourth factor in favor of the copyright holder, this factor would never weigh in favor of the secondary user. And if we then gave serious deference to the proposition that it is "undoubtedly the single most important element of fair use," fair use would become defunct. The market impairment should not turn the fourth factor unless it is reasonably substantial.[46]

C. Discussion

The benefits of an enunciated standard or test are that it clarifies a rule of law and provides a mode of application to diverse fact patterns. Certainly the existence of such a standard would be beneficial in questions of fair use, for as Justice Story himself wrote in reference to the dispute between Folsom and Marsh,

> This is one of those intricate and embarrassing questions, arising in the administration of civil justice, in which it is not, from the peculiar nature and character of the controversy, easy to arrive at any satisfactory conclusion, or to lay down any general principles applicable to all cases. Patents and copyrights approach, nearer than any other class of cases belonging to forensic discussion, to what may be called the metaphysics of the law.[47]

As helpful as it has been for Judge Leval to have insisted so strenuously on the primacy of the objectives of copyright over the means of accomplishing those objectives in determining the fairness of an unlicensed use, the question remains whether there is just as much "wiggle room" after the application of the transformative use test as there was before, for someone must still opine on the presence of transformation, and that still calls for an essentially aesthetic response.

III. CONTEXT

Did Judge Leval's 1990 essay represent a disinterested scholarly exercise or a calculated political risk? The answer can be read between the lines of his essay's second "story." "Random distribution has dealt me a

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[45] *See* Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 566 (1985).
[46] Leval, *Fair Use Standard*, *supra* note 5, at 1124-25 (citations omitted).
[47] Folsom v. Marsh, 9 F. Cas. 342, 344 (C.C.D. Mass. 1841) (No. 4901).

generous share of copyright suits involving claims of fair use," he recalls, as that story begins.

> The court of appeals' disagreement with two of my decisions [Salinger v. Random House, Inc., 650 F. Supp. 413 (S.D.N.Y. 1986), *rev'd*, 811 F.2d 90 (2d Cir.), *cert. denied*, 484 U.S. 890 (1987); and New Era Publications Int'l v. Henry Holt & Co., 695 F. Supp. 1493 (S.D.N.Y. 1988), *aff'd on other grounds*, 873 F.2d 576 (2d Cir. 1989)] provoked some rethinking, which revealed that my own decisions had not adhered to a consistent theory, and, more importantly, that throughout the development of the fair use doctrine, courts had failed to fashion a set of governing principles or values. Is this because no rational defining values exist, or is it rather that judges, like me, have repeatedly adjudicated upon ad hoc perceptions of justice without a permanent framework? This commentary suggests that a cogent set of governing principles exists and is soundly rooted in the objectives of the copyright law.[48]

That claim for a "cogent set of governing principles," which in the first story serves to deny that the transformative use standard is cut from whole cloth, serves in the second story to bolster his reasoning in *Salinger* and *New Era* despite the court of appeals' "disagreement"; *Toward a Fair Use Standard* became his brief.

A. Salinger v. Random House

In *Salinger*, the reclusive creator of *The Catcher in the Rye* and other works of fiction sought a preliminary injunction against publication of an unauthorized biography by Ian Hamilton, protesting its author's verbatim quotation and paraphrasing of Salinger's private letters, unearthed in public archives and included in the biography in flagrant disregard of archival requirements that Hamilton clear literary property rights with their owners. Salinger had voiced his disapproval on reading first galleys of the book; Hamilton had subsequently revised his text, eliminating the majority of direct quotations; Salinger, unmollified upon reading the revised text, brought suit.[49]

Acknowledging that "[a] substantial percentage of the book consists of material learned by Hamilton from the letters"[50] and carefully distinguishing the copyrightability of "facts or ideas" from "the author's particu-

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[48] Leval, *Fair Use Standard*, *supra* note 5, at 1105.

[49] Salinger v. Random House, Inc., 650 F. Supp. 413, 416-17 (S.D.N.Y. 1986), *rev'd*, 811 F.2d 90 (2d Cir. 1987).

[50] *Id.* at 417.

lar manner of expression,"[51] Leval made three significant findings of fact. First, "the vast majority of the material taken by Hamilton from the letters is not copyright protected":

> Information as to the subject's thoughts and feelings is vital historical fact for the biographer and belongs in the unprotected categories, so long as the biographer does not overstep permissible limits by taking the author's craftsmanship. . . . I find that virtually every passage taken by Hamilton from the 59 letters consists primarily of a report of such historical fact (or of an idea) which is not protected by the copyright.[52]

Second, Salinger's distinctive prose style notwithstanding, he, like every writer, "occasionally (albeit rarely) employs a cliché or a word-combination that is so ordinary that it does not qualify for the copyright law's protection." Quotation of such material "does not implicate the copyright."[53] Third, such instances aside, Hamilton exceeded even these broadly permissive limits and reproduced copyrightable material from approximately thirty letters, but that reproduction appears to be de minimis.

For Leval to have ruled on the basis of these findings alone would have required him to ignore the Supreme Court's decision in *Nation*, which had laid such stress upon the unpublished nature of the material infringed in that case, President Ford's autobiographical reminiscence of his decision to pardon President Nixon.[54] The Court's solicitous regard for unpublished material was reminiscent of the nearly forgotten notion of common law copyright, the so-called right of first publication, a legal convenience in the days when federal copyright did not attach to a work prior to publication. The *Nation* decision notwithstanding, Leval found a more congenial precedent in New York State common law, *Estate of Hemingway v. Random House, Inc.*[55] There, letters written by the late author had provided a biographer information. "[T]he court," wrote Leval, "considered the question of fair use . . . emphasiz[ing] the biographical purpose for using the letters, the nature of plaintiff's literary property, and the absence of any harm to the market for the letters."[56] Whereupon Leval concluded, "In my view, [Salinger's] argument that there may be no fair use of an unpublished work is exaggerated and unreasonable."[57]

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[51] *Id.* at 418.
[52] *Id.*
[53] *Id.*
[54] Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 555 (1985).
[55] 279 N.Y.S.2d 51, 57-58 (Sup. Ct. N.Y. County.), *aff'd without opinion*, 285 N.Y.S.2d 568 (App. Div. 1st Dep't 1967), *aff'd on other grounds*, 244 N.E.2d 250 (N.Y. 1968).
[56] *Salinger*, 650 F. Supp. at 422.
[57] *Id.*

The opinion then takes an unexpected turn, and the seeds of its reversal may have been planted in the soil of this peculiarity. Instead of proceeding directly to a consideration of the plaintiff's motion for a preliminary injunction — and the requisite showing under Second Circuit law of irreparable harm, likelihood of success on the merits or sufficiently serious questions to make them fair ground for litigation, together with a balance of hardships tipping in his favor — Leval ruled on the basis of a mandate he discovered in the preface to the doctrine of fair use. Holding for the defendant, he never mentioned transformation as his premise but cited the "social and educational value" he found implicit in the preface and never questioned the appropriateness of his aesthetic pronouncement that Hamilton's work was "a serious, carefully researched biography of an important literary figure (of whom little is known)."[58] Instead, he appeared to adjudicate upon what he would later denigrate in the opinions of others as the "ad hoc perceptions of justice" common among those trying fair use cases. He determined that resolution of the dilemma of the second author, the literary biographer, more than balanced the harm to the first. In *Salinger*, he achieved a decision consistent with his vision of a copyright law that fosters the objective of an efflorescing culture but dependent still on the intuitive judgment he later saw as surpassed. Transformation in the service of the objective of copyright remained a purely subjective standard even where the result appeared inarguable.

A panel of the Second Circuit was disinclined to follow his novel approach to the twin problems of fair use and preliminary injunction. A biographer who eschews direct quotation and "elects to copy only the factual content of letters . . . incurs no risk of an injunction."[59] "[W]e agree with the District Court that the first fair use factor weighs in Hamilton's favor, but not that the purpose of his use entitles him to any special consideration."[60] Rather the abbreviated panel — one judge died between argument and decision and was not replaced — stood by the Supreme Court's pronouncement in *Harper & Row*: "[W]e place special emphasis on the unpublished nature of Salinger's letters."[61] The second factor — the nature of the copyrighted work: unpublished letters — weighed in favor of Salinger. The third factor — the amount and substantiality of use — Leval's meticulous carving away of historical fact and linguistic commonplaces as unprotectable expression notwithstanding, weighed "heavily" in Salinger's favor; the fourth — effect on the marketplace for

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[58] *Id.* at 423.

[59] Salinger v. Random House, Inc., 811 F.2d 90, 96 (2d Cir. 1987).

[60] *Id.* at 97.

[61] *Id.* at 96.

Salinger's originals — weighed slightly for the plaintiff. Leval's order denying Salinger a preliminary injunction was reversed.[62]

B. New Era Publications International v. Henry Holt & Co.

Undeterred, Leval elucidated the dilemma of the biographer even more exhaustively in *New Era*.[63] If not precisely a gauntlet tossed before the Second Circuit, neither was it a kid glove.

The case involved an unauthorized biography of L. Ron Hubbard, the controversial founder of the Church of Scientology. As in *Salinger*, the biographer, Russell Miller, had quoted copiously from unpublished materials, his subject's letters and journals.

The plaintiff, an alter ego of the Church, echoed the *Nation/Salinger* line: "[U]npublished matter enjoys virtually complete protection against claims of fair use."[64] Leval dismissed this notion in dictum.

> In *Salinger* . . . [t]he Court [of Appeals] reviewed the Supreme Court's discussion of the problem in *Nation*. It found ambiguity in the Supreme Court's observation that "'the scope of fair use is narrower with respect to unpublished works,'" which could mean either that fewer circumstances will justify a finding of fair use of the unpublished material or that a lesser amount of unpublished material may be copied under the mantle of fair use. The Court concluded that the first was the Supreme Court's intended meaning. . . . The Court of Appeals interpreted the Supreme Court's discussion as "convey[ing] the idea that [unpublished] works normally enjoy complete protection against copying any protected expression.". . .
>
> To say that "the scope of fair use is narrower with respect to unpublished work" necessarily implies that some such scope exists. To say that the absence of prior publication "is '[a] key, though not necessarily determinative, factor' tending to negate

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[62] A petition for a rehearing was later denied. *See* Salinger v. Random House, Inc., 818 F.2d 252 (2d Cir. 1987).

[63] Between *Salinger* and *New Era*, Leval decided the case of *Craft v. Kobler*, 667 F. Supp. 120 (S.D.N.Y. 1987) ("I agree with the defendants that the fair use doctrine gives latitude to the biographer of an author to quote limited excerpts of published copyrighted work to illustrate the descriptive skill, wit, power, vividness, and originality of the author's writing. But the license is not unlimited. . . . In my view, Kobler's takings are far too numerous and with too little instructional justification to support the conclusion of fair use"). *Id.* at 128-29.

[64] New Era Publ'ns Int'l, ApS v. Henry Holt & Co., 695 F. Supp. 1493, 1498 (S.D.N.Y 1988), *aff'd*, 873 F.2d 576 (2d Cir. 1989).

> the defense of fair use," necessarily means that other factors are capable of supporting the defense.[65]

"Often," Leval maintained, "it is the *words used* by the public figure (or the particular manner of expression) that are the facts calling for comment."[66] This was a boldly obstinate view, given the higher court's conclusion in *Salinger*. Words, as we all know from studying the rules of evidence, are both medium and message. In short, Leval privileged the so-called verbal act as essentially a fact in the public domain.[67] Judges do it every day:

> The words are the "facts" that support the conclusion. . . . The objective of fair use[68] demands that examples like these come within its scope, notwithstanding quotation from unpublished copyrighted sources.
>
> I conclude, as the Supreme Court stated, that the unpublished nature of the copyrighted work tends "to negate a defense of fair use" but is "not necessarily determinative." This is not the end of the inquiry. I do not think the *Salinger* opinion is to the contrary. The "complete" protection of which it speaks obtains "normally," not inevitably.[69]

New Era was the plaintiff, Holt was the defendant, but "important critical or historical inquiry" embodied in the figure of the journalist, biographer, or critic was the protagonist in the legal drama enacted before the court. As protagonists must encounter their nemeses, Leval challenged the "biographer/critic" to:

> show that her use of the protected expression is not done simply to enliven her text by appropriating her subject's lively expression. The use of the protected expression must be reasonably necessary to the communication and demonstration of significant points being made about the subject and must have no significant adverse effect on the market for the copyrighted work.[70]

Leval concluded that Miller's use was fair in the very large majority of his takings.[71] In twelve sections, Leval goes on to present those takings as verbal act evidence of Hubbard's numberless flaws:

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[65] *Id.* at 1501 (citations omitted).

[66] *Id.* at 1501-02.

[67] I suspect that, had he persuaded the Second Circuit on this point, we would not be discussing the doctrine of transformation today.

[68] That is, limiting the excessive protection that stifles the growth of the public domain.

[69] *New Era*, 695 F. Supp. at 1503 (citations omitted).

[70] *Id.* at 1504.

[71] *Id.* at 1507.

> Where a biographer or critic seeks to pass judgment on his subject's ideas, it behooves her to set forth those ideas accurately. If she takes the liberty of restating or paraphrasing the idea in order to avoid copyright infringement, she may be charged with having bent the subject's ideas to make them vulnerable to the criticisms (or simply with having distorted them). In order for the reader to be able to evaluate fairly the merits of the criticism, the reader must receive an accurate presentation of the ideas being criticized and often this requires either quotation or a close, faithful paraphrase.[72]

The Second Circuit would have none of it and, as Judge Oakes opined in his concurrence, "unnecessarily [went] out of its way to take issue with Judge Leval's opinion."[73] Indeed, the puzzled reader might feel as Alice did when she fell down the rabbit hole and fetched up in a land where nothing was as it seemed, for, as the majority told it, Leval had done the very opposite of what he had intended. "The district court concluded that the use of the unpublished material '*cannot be held to pass the fair use test.*'"[74] The words in the passage the Second Circuit quoted were Leval's, but in their original context their message was far different:

> As to the book overall, were it not for the ruling of the Court of Appeals in *Salinger,* I would conclude that fair use had been adequately demonstrated. That was the conclusion I reached as to the Salinger biography. Here the demonstration of fair use is far more compelling.
>
> Nonetheless, given *Salinger's* strong presumption against a finding of fair use for unpublished materials, I cannot conclude that the Court of Appeals would accord fair use protection to all of Miller's quotations, or that the biography as a whole would be considered non-infringing. . . .
>
> I conclude that there is a body of material of small, but more than negligible size, which, given the strong presumption against fair use of unpublished material, *cannot be held to pass the fair use test.* I therefore find, under mandate of the *Salinger* opinion, that *Bare-Faced Messiah* to some degree infringes Hubbard's copyrights in some of his previously unpublished works.[75]

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[72] *Id.* at 1518.

[73] New Era Publ'ns Int'l, ApS v. Henry Holt & Co., 873 F.2d 576, 585 (2d Cir. 1989) (Oakes, J., concurring).

[74] *Id.* at 577 (emphasis added).

[75] New Era Publ'ns Int'l, ApS v. Henry Holt & Co., 695 F. Supp. 1493, 1524-25 (S.D.N.Y. 1988), *aff'd,* 873 F.2d 576 (2d Cir. 1989) (emphasis added).

The Second Circuit called the critical first factor distinction that Leval found between the second author's adopting the literary style of the first "to display the distinctiveness of [the latter's] writing style" and the second author's merely "mak[ing] a point about [the latter's] character . . . unnecessary and unwarranted in applying the statutory fair use purpose factor."[76] As to Leval's second factor distinction between substituting another's literary style for one's own and reporting verbal acts, the Second Circuit dismissed that too: "We see no need for such an approach. Where use is made of materials of an 'unpublished nature,' the second fair use factor has yet to be applied in favor of an infringer, and we do not do so here."[77]

To add good measure, the Second Circuit polished off its rebuke summarily, referring to Leval's decision to limit the plaintiff to money damages rather than injunctive relief:

> Nor are we persuaded by any of the other reasons given by the district court for denying an injunction following its rejection of the fair use defense and its finding of infringement. The public would not necessarily be deprived of "an interesting and valuable historical study," 695 F. Supp. at 1528, but only an infringing one.[78]

Leval's decision was affirmed by the majority, but only on the basis of laches; New Era had dallied too long to enforce its rights.

Chief Judge Oakes's concurrence is quite a different story, a veritable vindication of Leval's view.

> *Salinger* and Judge Leval's own *Craft v. Kobler* cases in which the biographer "has used the lively expression of his subject to enliven the biography, can be distinguished from this case, where the personal traits of Hubbard could not be shown without using the subject's own words, because the value of the passages quoted in *Messiah* "lies precisely in the subject's choice of words — not as a matter of literary expression — but for what the

[76] That is the first of the four fair use factors. *New Era*, 873 F.2d at 583.

[77] *Id.* Two years later, a different panel of the Second Circuit, in *Wright v. Warner Books, Inc.*, 953 F.2d 731 (2d Cir. 1991), considered another literary biographer's use of unpublished letters and declared itself bound by *New Era* regarding unpublished materials. Nevertheless, the court determined the biographer's use was fair, largely on aesthetic grounds: "Of the ten quoted sections, four bear Wright's stamp of creativity and meet the threshold test of copyright protection. The other six tersely convey mundane details of Wright's life." As if "mundane" and "creativity" were mutually exclusive categories in the purview of judges. *Id.* at 736.

[78] *New Era*, 873 F.2d at 584.

> choice of words reveals about the subject." . . . The majority apparently rejects this approach of Judge Leval. . . . I disagree.[79]

Instead, Oakes seconded the notion presented by Leval, although not in terms of verbal acts per se:

> [W]ords that are facts calling for comment are distinguishable from words that simply enliven text. The law recognizes that words themselves may be facts to be proven. For example, in evidence law, words of independent legal significance, such as a contract or slander, are verbal acts and not hearsay. According to *Messiah*, Hubbard lied, boasted, etc. These are *actions*. In order to prove his point, *Messiah*'s author must recount those actions — i.e., he must quote Hubbard's lies, boasts, etc.[80]

Oakes recognized this as "entirely consistent" with Supreme Court dictum in *Harper & Row*:

> In that case . . . President Ford's characterization of certain White House tapes as the "smoking gun" was "perhaps so integral to the idea expressed as to be inseparable from it."[81]

C. *Discussion*

"I confess," Leval wrote in his 1990 essay, "to some error in Salinger's case. Although the majority of the biographer's takings were of unprotected facts or ideas and some displayed transformative value in sketching the character portrait, other takings of highly expressive material exhibited minimal creative, transformative justification."[82] In other words, the doctrine was not at fault; I was simply overzealous in applying it.

The genius of a judicial doctrine is its ability to illuminate the recognizably common element among otherwise distinctive facts, an element that provides for consistent judgment, but there is as much ad hoc aesthetic judgment necessary in the application of the doctrine of transformation as there was in the days of every judge for himself or herself. The doctrine does nothing to reduce dependence on individual aesthetic reasoning. In the hands of a sage such as Leval, such judgments, with or without the gloss of transformation, can be consistently applied.

> My finding of fair use was based primarily on the overall instructive character of the biography. I failed to recognize that the

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79 *Id.* at 587 (citations omitted).

80 *Id.* at 592.

81 *Id.* This chimes with the merger doctrine, which excludes from copyright protection those expressions the protection of which would extend an author's monopoly beyond his or her articulation to the underlying idea as well.

82 Leval, *Fair Use Standard*, *supra* note 5, at 1113

> nontransformative takings provided a weak basis for claiming the benefits of the doctrine and that, unless attention were focused on the individual passages, a favorable appraisal of the constructive purpose of the overall work could conceal unjustified takings of protected expression. The converse can also be true: a low estimation of the overall merit of the secondary work can lead to a finding for the copyright owner in spite of a well-justified, transformative use of the particular quotation that should justify a favorable finding under the first factor.[83]

A decision that depends on delineating "overall instructive character," "constructive purpose," and "overall merit" is a decision that can never be entirely freed of the personal penchants and literary or artistic predilections and sophistication of judges. With that as the inescapable basis of judgments concerning transformation, that slender thread that ties Leval's two stories — content and context — stretches ever thinner and snaps. "This commentary," his essay began, "suggests that a cogent set of governing principles exists and is soundly rooted in the objectives of the copyright law." Arguably, some of those roots reach into the unstable soil of aesthetic judgment.

Which is not to say that the distinction between quotation and verbal acts, like the distinction between verbal acts and hearsay, is not a useful one. It is, in fact, the most insightful aspect of Leval's *Salinger* and *New Era* decisions, but its applicability is exceedingly limited, for verbal acts are entirely absent from many otherwise excusable infringements. Indeed, on those occasions when the Supreme Court has considered fair use in the modern era — *Zacchini*,[84] *Sony*,[85] *Nation*,[86] *Campbell*[87] — verbal acts have been entirely absent.

Leval himself makes no particular claim for the utility of his so-called doctrine beyond the realm of historians, biographers, critics, journalists, and others prone to suffering the dilemma of "the second author" or beyond the realm of works he personally locates "at the center of the protected concerns of the copyright law," works with generally recognizable cultural aspirations — another ineluctably ad hoc judgment (as cases involving obscenity have shown). It is others who have seized upon the doctrine, as Cinderella's stepsisters seized upon the glass slipper, determined to make it fit.

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[83] *Id.*

[84] Zacchini v. Scripps-Howard Broad. Co., 433 U.S. 562 (1977).

[85] Universal City Studios, Inc. v. Sony Corp. of Am., 464 U.S. 417 (1984).

[86] Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539 (1985).

[87] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994).

IV. HISTORY

Before there was "transformative use," there was "productive use," a doctrine whose origin is intriguingly obscure: a law review note signed C.H.R., III, a tendentious piece argued with conviction. The author was responding (with considerable indignation) to the district court's decision in *Universal City Studios, Inc. v. Sony Corp. of America*.[88] Universal and Walt Disney Productions had attempted to impede the spread of off-air videotape recording by suing the maker of the Betamax recorder, various retailers who sold Betamax recorders, and others for direct, contributory, and vicarious copyright infringement. The defendants raised a fair use defense. The court ruled in their favor. Protection, it reasoned, extends only to those uses of copyrighted works that Congress has chosen to protect; "rights do not exist independent of Congressional action."[89] The legislative history of the Sound Recording Act of 1971,[90] the court concluded, indicates that Congress did not intend to protect reproductions of sound recordings for home use; as a practical matter, enforcement was impossible and protection was contraindicated by the First Amendment and concerns over invasion of privacy. By analogy, off-air recording of audiovisual works was similarly excluded. Weighing home use in the balance described by the then relatively new fair use factors of § 107 and conceding that the purpose served by off-air recording was identical to the purpose served by the original broadcast, the court nevertheless found that:

> The purpose of home recording is to increase access to material plaintiffs chose to broadcast. This increase in access is consistent with the First Amendment policy of providing the fullest possible access to information through the public airwaves. . . . Betamax owners use plaintiffs' works noncommercially and privately. . . . [I]t does not reduce the market for plaintiffs' works.[91]

As if to anticipate those who would draw a line between televised material that is informative and that which is merely diverting, the court, quoting the Supreme Court in *Stanley v. Georgia*,[92] made note that "The line between the transmission of ideas and mere entertainment is much too elusive for this Court to draw, if indeed such a line can be drawn at all"[93] — dictum that should be engraved on a wall facing the bench in every courtroom in which a case has the potential to be settled on aesthetic grounds.

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88 480 F. Supp. 429 (C.D. Cal. 1979) (as amended), *aff'd in part, rev'd in part*, 659 F.2d 963 (9th Cir. 1981).

89 *Id.* at 443.

90 Pub. L. No. 92-140.

91 *Id.* at 453, 456.

92 394 U.S. 557, 566 (1969).

93 *Universal City Studios*, 480 F. Supp. at 452-53.

The court, C.H.R. argued, had peered down the wrong end of the telescope.

> Looking to the nature of the material, the courts refused to distinguish between "ideas" and "entertainment" to assess "whether the nature of the material was such that 'distribution would serve the public interest in the free dissemination of information.'" Focusing instead on the means of dissemination, the court implied that the plaintiffs' voluntary choice to broadcast their material to the public without charge somehow diminished their legitimate expectations of protection.[94]

Since fair use — and every other aspect of the copyright law — was to advance the constitutional goals of promoting the progress of science and useful arts,[95] and the bulk of televised material is, by that standard, essentially useless, the "purposes" identified in the preamble to § 107 of the new Copyright Act — "criticism, comment, news reporting, teaching . . . scholarship, or research" — were generally not met by off-air taping at home. Such taping was simply beyond the purview of fair use. It was not, in a word — C.H.R.'s word — "productive."

> The first sentence of the statute describes the kinds of uses that can qualify as fair uses. The examples the statute lists are *productive* uses — the user incorporates the copyrighted material in a developmental process, that is, in creating a second work or in carrying on research or education.[96]

"Fair use," C.H.R. continued categorically, "is productive use."[97]

Reversing the district court, the Ninth Circuit Court of Appeals agreed.[98] Its authority? C.H.R. among a handful of others.

- "The district court's reasoning has been subject to a number of criticisms."[99] C.H.R. and others.
- "Most of the commentators have found problems with the reasoning underlying the district court's conclusion."[100] C.H.R. and others.

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[94] C.H.R., III, Universal City Studios, Inc. v. Sony Corp.: *"Fair Use" Looks Different on Videotape*, 66 VA. L. REV. 1005, 1009 (1980) (citations omitted).

[95] U.S. CONST. art. I, § 8, cl. 8.

[96] C.H.R., *supra* note 94, at 1013. Leon Seltzer, in analyzing photocopying had earlier proclaimed that "[F]air use has always had to do with the use by a second author of a first author's work. Fair use has not heretofore had to do with the mere reproduction of a work in order to use it for its intrinsic purpose — to make what might be called the 'ordinary' use of it." SELTZER, *supra* note 3, *quoted in* C.H.R., *supra* note 94, at 1013.

[97] C.H.R., *supra* note 94, at 1013.

[98] Universal City Studios, Inc. v. Sony Corp. of Am., 659 F.2d 963 (9th Cir. 1981).

[99] *Id.* at 966 n.1.

[100] *Id.* at 966 n.2.

- "As the first sentence of s 107 indicates, fair use has traditionally involved what might be termed the 'productive use' of copyrighted material."[101] C.H.R.
- "Noncommercial motive does not mean fair use."[102] C.H.R. and one other.
- "The Sony court's analysis obfuscated the real issue at stake: whether the public interest in promoting the development of art and science dictates disregarding a copyright holder's interest in controlling the use of his product. In Sony, the copyright owner's interest should have taken precedence."[103] C.H.R.
- "The corporate appellees 'know' that the Betamax will be used to reproduce copyrighted materials. In fact, that is the most conspicuous use of the product. That use is intended, expected, encouraged, and the source of the product's consumer appeal. The record establishes that appellees knew and expected that Betamax's major use would be to record copyrighted programs off-the-air. Second, there is no doubt that appellees have met the other requirements for contributory infringement inducing, causing, or materially contributing to the infringing conduct of another. The corporate appellees are sufficiently engaged in the enterprise to be held accountable."[104] C.H.R. and others.

The interpreters of § 107 reside in two camps. There are those who regard the preamble as illustrative — *Infinity Broadcasting Corp. v. Kirkwood*,[105] ("The purposes enumerated in the opening words of Section 107 are non-exclusive illustrations of particular uses which, in appropriate cases, may be covered by the [fair use] defense. . . . [A] court may not decline to analyze a proffered fair use defense under the four statutory and any other relevant factors on the ground that the use in question does not fall within the preamble to Section 107.")] — and those who regard it as operative — *Wright v. Warner Books, Inc.*[106] ("[T]here is a strong presumption that factor one favors the defendant if the allegedly infringing work fits the description of uses described in section 107")].[107] C.H.R. provided the latter camp with a peg on which to hang its hat. The Ninth Circuit hung a sombrero. The Supreme Court, in a 5–4 split, knocked it off:

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101 *Id.* at 970.

102 *Id.* at 972 n.9.

103 *Id.* at 973.

104 *Id.* at 976.

105 965 F. Supp. 553, 555 (S.D.N.Y. 1997).

106 953 F.2d 731, 736 (2d Cir. 1991).

107 *See also* Arica Inst., Inc. v. Palmer, 761 F. Supp. 1056, 1067 (S.D.N.Y. 1991) ("If a book falls into one of the categories listed in the preamble to section 107, assessment of the first fair use factor — the purpose and character of the use — should be at an end").

> The Court of Appeals chose not to engage in any "equitable rule of reason" analysis in this case. Instead, it assumed that the category of "fair use" is rigidly circumscribed by a requirement that every such use must be "productive." It therefore concluded that copying a television program merely to enable the viewer to receive information or entertainment that he would otherwise miss because of a personal scheduling conflict could never be fair use. That understanding of "fair use" was erroneous. Congress has plainly instructed us that fair use analysis calls for a sensitive balancing of interests. The distinction between "productive" and "unproductive" uses may be helpful in calibrating the balance, but it cannot be wholly determinative.[108]

A prolix dissent accepted productive use as inherent:

> The Court begins by suggesting that the fair use doctrine operates as a general "equitable rule of reason." That interpretation mischaracterizes the doctrine, and simply ignores the language of the statute. Section 107 establishes the fair use doctrine "for purposes such as criticism, comment, news reporting, teaching, . . . scholarship, or research." These are all productive uses. It is true that the legislative history states repeatedly that the doctrine must be applied flexibly on a case-by-case basis, but those references were only in the context of productive uses.[109]

William F. Patry's book *The Fair Use Privilege in Copyright Law* followed the year after *Sony*. The author claimed to have discovered productive use as a foundational defense against infringement going back as far as mid-eighteenth-century English jurisprudence,[110] but his reading of the early cases is strained. In *Gyles v. Wilcox*, Lord Chancellor Hardwicke is quoted as having stated:

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[108] Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 455 n.40 (1984). The Court in *Harper & Row, Publishers, Inc. v. Nation Enters.*, 471 U.S. 539, 549 (1985), emphasized, not the utilitarian, but the property aspects of copyright, and determined that of the four fair use factors, the fourth, which deals with unfair competition, is "the single most important element of fair use."

[109] *Id.* at 495 (Blackmun, J., dissenting).

[110] "English judges were quite explicit in articulating their rationale for permitting the unconsented use of one author's work by a subsequent author. That rationale, found initially in the "fair abridgment" context, was that the second author, through a good faith productive use of the first author's work, had, in effect, created a new, original work that would itself promote the progress of science and thereby benefit the public . . . ." WILLIAM F. PATRY, THE FAIR USE PRIVILEGE IN COPYRIGHT LAW 3 (1985).

> [A]bridgments may with great propriety be called a new book, because not only the paper and print, but the invention, learning, and judgment of the author is shewn in them, and in many cases are extremely useful, though in some instances prejudicial, by mistaking and curtailing the sense of the author.[111]

Can one fairly say that "productive use" conveys Hardwicke's sense of "extremely useful"? In a later case, *Tonson v. Walker*,[112] Hardwicke made reference to the "public utility" of an allegedly infringing work and found that defendant's addition of twenty-eight footnotes to the 1500 extant in the copied work failed that standard.[113] Is "public utility" accurately summarized by the notion of productive use?

Leval's decision in *Salinger* followed Patry by one year; the reversal, by two; *New Era*, by three; the appeal, by four; Leval's essay, by five. Commenting on that essay in the second edition of his book, Patry wrote, "This principle, originally called 'productive use,' has been recast as 'transformative use' by Judge Leval in his influential article, *Toward a Fair Use Standard*."[114]

In his 1990 essay, Pierre Leval maintained that copyright is utilitarian. Its purpose is public enlightenment.[115] Its monopoly is incentivizing but limited to the degree that it would stifle the dialectical progress of "science and useful arts."[116]

> Monopoly protection of intellectual property that impeded referential analysis and the development of new ideas out of old would strangle the creative process. Three judicially created copyright doctrines have addressed this problem: first, the rule that the copyright does not protect ideas, but only the manner of expression; second, the rule that facts are not within the copyright protection, notwithstanding the labor expended by the original author in uncovering them; and finally, the fair use doc-

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111 Gyles v. Wilcox, 2 Atk. 141, 26 Eng. Rep. 489 (Ch. 1740), *quoted in* PATRY, *supra* note 110, at 6.

112 3 Swan. 672, 36 Eng. Rep. 1018 (App. 1752).

113 *Id.*, *cited in* PATRY, *supra* note 110, at 8.

114 PATRY, *supra* note 110, at 24 n.30 (citation omitted).

115 He made the same assertion a year earlier in an address at the New York University Law Center: "It is my thesis that we can sharpen our understanding and reduce unpredictability by focusing on the governing purposes of the copyright law. Those governing purposes are the utilitarian goals of stimulating progress in the arts and intellectual enrichment of the public." Pierre N. Leval, *Fair Use or Foul? The Nineteenth Donald C. Brace Memorial Lecture*, 36 J. COPR. SOC'Y 167, 168 (1989).

116 U.S. CONST. art. I, § 8, cl. 8.

> trine, which protects secondary creativity as a legitimate concern of the copyright.[117]

But wait! Take another look at the third, and final, doctrine: "the fair use doctrine, which protects secondary creativity as a legitimate concern of the copyright." That is not how the majority ruled in *Sony*. That was the dissent's position. Nevertheless, Leval adopts it as an article of faith.

"The doctrine of fair use limits the scope of the copyright monopoly in furtherance of its utilitarian objective,"[118] he continues, citing, as did Patry, ancient dictum,[119] and in the following paragraph introduces cultural productivity: "Briefly stated, the use must be of a character that serves the copyright objective of stimulating *productive* thought and public instruction without excessively diminishing the incentives for creativity. . . . The use must be *productive* and must employ the quoted matter in a different manner or for a different purpose from the original."[120] That defines a "transformative" use:

> the secondary use adds value to the original — if the quoted matter is used as raw material, transformed in the creation of new information, new aesthetics, new insights and understandings — this is the very type of activity that the fair use doctrine intends to protect for the enrichment of society. . . .[121]

V. RECEPTION

Leval's emphatic reliance on the utilitarian objective of copyright as the basis of that "cogent set of governing principles" that could unite a disparate bench once and for all drew immediate criticism from Lloyd Weinreb, publishing simultaneously with Leval in the selfsame issue of the *Harvard Law Review*.[122] Weinreb grudgingly acknowledged that "[t]he two general principles that [Leval] proposes" (that is, maximizing creative expression and minimizing the trammeling of incentive) "are helpful to an assessment of fair use in many circumstances . . . nevertheless the principles would neither reflect the full range of concerns embodied in the fair use doctrine nor would they much increase the clarity and predictability of

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[117] Leval, *Fair Use Standard*, *supra* note 5, at 1109-10.

[118] *Id.* at 1110.

[119] *Id.* ("[W]hile I shall think myself bound to secure every man in the enjoyment of his copyright, one must not put manacles upon science." Cary v. Kearsley, 4 Esp. 168, 170, 170 Eng. Rep. 679, 681 (K.B. 1803)).

[120] *Id.* at 1110-11 (emphasis added).

[121] *Id.* at 1111.

[122] Lloyd L. Weinreb, *Fair's Fair: A Comment on the Fair Use Doctrine*, 103 HARV. L. REV. 1137 (1990).

results in concrete cases,"[123] the sine qua non of any judicial test. Furthermore, Leval's analysis supports allowing fair use when his criteria are met; "it does not support restricting fair use to his criteria."[124] If it did, the law as expressed by the *Sony* court could not exist, and the same would be true for the law as expressed by the federal district court in *Geis*.[125]

Weinreb questioned whether fair use judgments are even susceptible "to a limited set of definite principles."[126] Fair use presumably looks to what is "fair" and what is "use." Analyses that look exclusively to the latter, the four statutory factors, are likely to overlook the former.

Ultimately he judged the doctrine of transformative use a failure.

> Standing alone, transformative use is at most a limiting test, apt for uses that demonstrably serve neither a public purpose nor a socially recognized private purpose. To give it greater prominence than that invites concealment of other factors that also are relevant in an unconvincing, conclusory assertion about what is and what is not transformative or, more ambiguously, "productive."[127]

What is transformative is no more objective a measure than what is productive nor, for that matter, what is culturally viable or estimable. You can't include such judgments in opinions, and you can't not include them. Courts and citizens alike are as much creatures as creators of culture.

Perhaps Leval realized that merely asserting "a cogent set of governing principles exists and is soundly rooted in the objectives of the copyright law" fell short of establishing a pedigree for a test intended to reverse the unpredictability of fair use decisions past. In *American Geophysical Union v. Texaco, Inc.*[128] he set out to correct that failing.

In truth, the facts in *Texaco* do not require transformation to adjudicate the question of fair use. Scientists at the defendant oil company admitted routinely photocopying articles in academic journals in order to keep bound copies circulating efficiently among their colleagues, in order to amass personal libraries at their fingertips, in order to have disposable copies available for use in their laboratories. Whether or not xerography is transformational seems irrelevant to the fair use question — *Sony* should

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123 *Id.* at 1142.

124 *Id.* at 1141.

125 In *Time, Inc. v. Bernard Geis Assocs.*, 293 F. Supp. 130 (S.D.N.Y. 1968), the court determined on purely equitable and public policy grounds that fair use had been made of frames from the famous Zapruder images of the assassination of John F. Kennedy.

126 *Id.* at 1138.

127 *Id.* at 1144.

128 802 F. Supp. 1 (S.D.N.Y. 1992), *aff'd*, 60 F.3d 913 (2d Cir. 1994).

have provided that answer — but Leval imposed his test, preceding his conclusions with a curious retelling of the history of fair use.

Following Patry, Leval stated unequivocally that Lord Hardwicke's "real and fair abridgment" in which the "invention, learning, and judgment of the [secondary] author is shewn"[129] should be read as an endorsement of productive use as the standard upon which a finding of fair use should be found. Story's decision in *Folsom* — oft-cited as the fount of American fair use — is also claimed as a milestone in productive use jurisprudence.

> [A]s illustrated by the quotations . . . from *Gyles* and *Folsom*, what the early authorities had meant was a secondary use that was productive in that it produced a new purpose or result, different from the original — in other words, a second use that transformed, rather than superseded, the original.[130]

An example of a court that reached the conclusion that such a productive use was essential to a finding of fair use? The Ninth Circuit's decision in *Sony*, later reversed by the Supreme Court. And Leval limited that reversal, which he elsewhere labeled a "mishap,"[131] by noting, "The *Sony* holding did not overturn the preexisting concept that productive or transformative uses were favored over non-productive, merely superseding copies. It ruled only that productivity was not determinative in the inquiry, and that equitable considerations could lead to a conclusion of fair use in spite of a non-productive copying."[132] This, despite the fact that *Sony* was decided by the Supreme Court in 1984, and "transformative use" was not added to the lexicon of fair use jurisprudence by Leval himself until six years later.

The central tenet of Leval's fair use decisions in *Salinger* and *New Era* — that "quotation can be a favored secondary use (of the transformative type) when quotation is necessary to convey factual material (or ideas) accurately"[133] — is illustrated not by either of those decisions, one overturned, the other affirmed on other grounds, but by Judge Oakes's concurrence (which all but endorsed Leval's original opinion) with the Second Circuit panel hearing *New Era*, by Judge Newman's equally supportive dissent from the denial for a rehearing in *New Era*, and by Leval's own

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129 Gyles v. Wilcox, 2 Atk. 141, 26 Eng. Rep. 489 (Ch. 1740), *cited in* Am. Geophysical Union v. Texaco, 802 F. Supp. 1, 11 (S.D.N.Y. 1992), *aff'd*, 60 F.3d 913 (2d Cir. 1994) (brackets in orig.).

130 *Texaco*, 802 F. Supp. at 11.

131 *See* Leval, *Nimmer Lecture*, *supra* note 7, at 1454.

132 *Texaco*, 802 F. Supp. at 12.

133 *Id.* at 15.

1990 essay. One decade later, this recounting of fair use jurisprudence and selection of authorities appears somewhat disingenuous.

So, too, does Leval's tribute to Justice Souter's decision for a unanimous Supreme Court in *Campbell v. Acuff-Rose Music, Inc.*[134] Following a cursory resume of the history of fair use, one that adheres to the Patry-Leval line, Justice Souter arrived at the first statutory factor:

> The central purpose of this investigation is to see, in Justice Story's words, whether the new work merely "supersede[s] the objects" of the original creation ("supplanting" the original), or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning, or message; it asks, in other words, whether and to what extent the new work is "transformative." Leval 1111.[135]

Thus the mantel passed from Story's shoulders to Leval's. Although the Supreme Court had never opined on Leval's doctrine, never tested its merits nor compared it with others, Justice Souter's opinion made it law.

"It will come as no surprise," Leval told an audience at Cardozo Law School a month later,

> that the [*Campbell*] opinion brought me enormous joy. I will not try to disguise that my vanity was enormously gratified by Justice Souter's very generous citation of my article on fair use standards. Another part of my joy, however, came from a different source. This was the sense that the fair use doctrine had been lost adrift for a turbulent decade [since *Sony*] and now, at last, through Justice Souter's magnificent opinion had found its way.[136]

In that lecture Leval continued to recount his version of the history of fair use. Criticizing the overreaction of copyright lawyers, scholars, and judges to the *Sony* decision, Leval insisted that "[p]reviously, the most significant force driving a fair use finding had been the notion that fair uses are 'productive.'"[137] Can that assertion be accurate if "productive" was added to the vocabulary of fair use jurisprudence by C.H.R. responding to the district court's original *Sony* decision in 1980? This is now, Leval seems to say, several lines later, "the entire history of fair use thinking,"[138] "its most important compass bearing,"[139] its "guiding standard."[140]

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134 510 U.S. 569 (1994).
135 *Id.* at 579.
136 *See* Leval, *Justice Souter's Rescue*, *supra* note 7, at 19.
137 *Id.*
138 *Id.* at 20.
139 *Id.*
140 *Id.*

This mythologizing reached it apogee in Leval's condemnation of the effect the Supreme Court's *Sony* decision had on subsequent decisions made by lower courts:[141]

> The most drastic was the misunderstanding in the lower courts of Sony's discussion of the "productivity" or "transformative" criterion. As I said, the Sony opinion had not rejected its importance. The opinion merely said that productivity was not an indispensable prerequisite to fair use, and that its absence was outweighed in this unusual case[142] by other factors. The result, however, was that the analysis that distinguished between superseding and transformative uses — for nearly 270 years the principal determinant of the right to quote — abruptly ceased to be part of the calculus.[143]

And there you have it. Two hundred seventy years of precedent in which the doctrine of transformation was enshrined:

> Justice Souter's opinion in Campbell begins by going back to the historical roots of the doctrine [of fair use] to restore its central meaning — distinguishing between copying that superseded (or offers a market substitute for the original), and quotation that is transformative.[144]
>
> [The *Campbell* opinion] has done so by digging back to the root understandings, which were sketched, but never clearly explained in the early opinions. The opinion revives the transformative-superseding dichotomy as the dominant consideration.[145]

Unless it could be, of course, that it wasn't explained because it wasn't there.

VI. THE DOCTRINE APPLIED BY OTHERS

The circumstances present in the cases that inspired Judge Leval to formulate his doctrine of transformative fair use are rarely at bar, but this has not deterred a great many courts from finding utility in the doctrine. As applied, however, it seems to raise four principal questions and a host of subsidiary ones. Is it possible to distinguish an unauthorized derivative work from a transformative fair use and to decide the infringer has created the former despite a claim to having created the latter? Is the use of a

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141 Leval, *Nimmer Lecture*, *supra* note 7, at 1460.

142 Earlier in the lecture he referred to the original *Sony* case as "a thoroughly bizarre lawsuit." *Id.* at 1454-55.

143 *Id.* at 1460.

144 *Id.* at 1464.

145 *Id.* at 1465.

protected work for a purpose different from the original an adequate basis for declaring the existence of a transformative fair use even when the entire work or a substantial portion thereof is used? Is it ever appropriate to find transformative fair use in straightforward mechanical reproduction? Does aesthetic intuition persist as the basis of judgment when applying the transformative fair use standard?

A. Unauthorized Derivative Works

At a recent Duke University School of Law symposium, "Hot Topics in Copyright," no lesser authorities than Judge Stanley F. Birch, author of the decision in *SunTrust Bank v. Houghton Mifflin Co.*[146] (the *Wind Done Gone* case), and L. Ray Patterson, author of *Copyright in Historical Perspective*[147] and *The Nature of Copyright: A Law of Users' Rights*,[148] and several others pondered a question from the audience: How does one distinguish an unauthorized derivative work from a transformative fair use? The panelists claimed not to be able to make the distinction. The modesty of the first may have evoked the reticence of the next, but then again, it is quite possible for a work to be both. What on Monday is a unauthorized derivative work as defined by the plaintiff citing the statute may on Tuesday be a transformative fair use as defined by the defendant citing common law. It's a question of perspective irresolvable in the abstract and often difficult and controversial even with the facts at hand. It boils down to this: how did Congress intend for disputes based on § 106(2), the derivative works monopoly, and § 107, the fair use exception, to be resolved. Has Judge Leval's doctrine of transformation assisted in settling this matter?

The work in question in *Castle Rock Entertainment v. Carol Publishing Group, Inc.*[149] was *The Seinfeld Aptitude Test* (the "SAT"), 643 trivia questions based on eighty-four episodes of the *Seinfeld* television series, designed to "satisfy [the viewer's] between-episode cravings."[150] The district court had no difficulty recognizing the SAT as transformative as that test was defined in *Campbell*: the new work "adds something new, with a further purpose or different character, altering the first [work] with new expression, meaning or message."[151]

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146 268 F.3d 1257 (11th Cir. 2001).

147 Vanderbilt University Press, 1968.

148 University of Georgia Press, 1991 (with Stanley W. Lindberg).

149 955 F. Supp. 260 (S.D.N.Y. 1997), *aff'd*, 150 F.3d 132 (2d Cir. 1998).

150 150 F.3d 132, 142 (2d Cir. 1998).

151 Castle Rock Entm't v. Carol Publ'g Group, Inc., 955 F. Supp. 260, 268 (S.D.N.Y. 1997), *aff'd*, 150 F.3d 132 (2d Cir. 1998) (quoting Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579 (1994)).

> Surely a text testing one's knowledge of Joyce's *Ulysses*, or Shakespeare's *Hamlet*, would qualify as "criticism, comment, scholarship, or research," or such. The same must be said, then, of a text testing one's knowledge of Castlerock's *Seinfeld*. . . .
>
> By testing *Seinfeld* devotees on their facility at recalling seemingly random plot elements from various of the show's episodes, defendants have "added something new" to *Seinfeld* and have created a work of a "different character" from the program.[152]

The judge was not satisfied to stop there however:

> The Court's finding that SAT is a transformative work, though important, is not dispositive in defendant's favor. . . . [A] derivative work, by definition, transforms an original. . . . [T]o hold that the transformative nature of a work automatically shields it from a successful claim would be to reject an unassailable proposition — i.e., that the unauthorized production of a derivative can support a claim for infringement. The question of whether a work is transformative must therefore be most decisive when answered in the negative. If a work is not transformative, "fair use should perhaps be rejected without further inquiry into the other factors." Pierre N. Leval, Toward a Fair Use Standard, 103 Harv. L. Rev. 1105, 1116 (1990). Where, as here, a work is transformative, the crux of the fair use analysis remains: the Court must proceed with a careful consideration of the remaining three factors, while merely granting defendants an advantage at the outset.[153]

Judge Sonia Sotomayor peered through both ends of the telescope, sampled both perspectives, applied the remaining fair use factors, noting with particularity, under the fourth, or "market," factor that:

> It would . . . not serve the ends of the Copyright Act — *i.e.*, to advance the arts — if artists were denied their monopoly over derivative versions of their creative works merely because they made the artistic decision not to saturate those markets with variations of their original.[154]

and determined that the SAT was merely an unauthorized derivative work.

Four short years later, this tightrope had frayed. In *Hofheinz v. AMC Productions, Inc.*,[155] *Hofheinz v. A&E Television Networks*,[156] and

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152 *Id.*
153 *Id.*
154 *Id.* at 272.
155 147 F. Supp. 2d 127 (E.D.N.Y. 2001).

Hofheinz v. Discovery Communications, Inc.,[157] the widow of film production and distribution executive James Nicholson and heir to his copyrights protested the inclusion of snippets from numerous American International Pictures (AIP) films in three documentaries: a history of AIP, a biography of actor Peter Graves, and a study of the horror film genre, AIP's stock in trade. The documentarists claimed fair use, and three judges agreed, though Judge Harold Baer opined ruefully:

> [I]t is difficult to imagine a use of a short clip in a commentary/documentary that would not qualify as transformative. Given the [Second] [C]ircuit's emphasis upon transformativeness in the fair use test, the relative ease with which many clips qualify as transformative suggests that owners of films may have little protection against the unlicensed use of fragments of their copyrighted work, even when the allegedly infringing work is not "criticism, comment, news reporting, teaching . . . , scholarship or research."[158]

Each of the judges cited, as did Sotomayor, the *Campbell* definition of transformation. A quotation from one is a quotation from all:

> The focus of [the first fair use] factor is "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.[159]

Sotomayor saw this as a threshold question. To essentially concede fair use on the matter of transformation eviscerates the copyright owner's exclusive right to create derivative works or authorize others to do so. Discussing defendants' documentary history of AIP, the court in *AMC Productions* noted approvingly:

> [D]efendants' Documentary . . . does not merely purport to supersede the original works at issue, but to create a new copyrightable documentary. While plaintiff's copyrighted movies aimed to entertain their audience, defendants' Documentary aims to educate the viewing public of the impact that Arkoff and

156 146 F .Supp. 2d 442 (S.D.N.Y. 2001).

157 60 U.S.P.Q.2d 1845 (S.D.N.Y. 2001).

158 *Id.* at 1849 n.7.

159 *Hofheinz v. A&E*, 146 F. Supp. at 446; *Hofheinz v. AMC*, 147 F. Supp. at 137; *Hofheinz v. Discovery*, 60 U.S.P.Q.2d at 1847 (ellipses in the originals) (quoting Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 579 (1994)).

> Nicholson had on the movie industry. The Documentary appears intended to add something of value.[160]

Granted that defendants' use of plaintiff's copyrighted material goes to a different purpose, granted it represents research, criticism or reportage, did Congress intend to permit § 107 to cancel § 106? Should defendants be able to rationalize their theft by claiming, as the court did, "I find at this point that . . . the Documentary may increase market demand for plaintiff's copyrighted works and make more people aware of the influence that AIP had in developing the "B" move genre."[161] Must plaintiff be forced to employ defendants as her publicists against her will?

And despite Judge Baer's rueful memorial for the rights of film owners, he too found no injustice in defendants' taking and little harm to plaintiff's real or potential market for film clips. Hofheinz lost all three cases, and the public was left in the position of Birch, Patterson, and others on the Duke panel unable to distinguish a transformative fair use from an unauthorized derivative work.

B. "With a Further Purpose or Different Character"

Attempting to follow the separate trajectories of manner, purpose, and character is a bit like playing soccer with three balls.

Section 107 refers to "criticism, comment, news reporting, teaching, scholarship, or research" as purposes, then instructs a reader of the first fair use factor, "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. . . . " While *purpose* appears to have been defined, *character* is not.

Leval says that to be transformative "[t]he [secondary] use must be productive and must employ the quoted matter in a different manner or for a different purpose from the original."[162] The disjunctive indicates that manner and purpose are not the same, though we do not learn what distinguishes them. *Character* is defined in context as "the use must be of a character that serves the copyright objective of stimulating productive thought and public instruction without excessively diminishing the incentives for creativity,"[163] but it is not evident how this is different from purpose.

The *Campbell* opinion explains that to be considered a fair use, the new work must, at a minimum, "add [ ] something new, with a further

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160 147 F. Supp. at 137.
161 *Id.* at 140.
162 Leval, *Fair Use Standard*, *supra* note 5, at 1111.
163 *Id.* at 1110.

purpose or different character, altering the first with new expression, meaning, or message."[164] Here, too, it is not evident what distinguishes purpose from character, and the opinion makes no further explication.

In *Los Angeles News Service. v. Reuters Television International, Ltd.*, the court reported that the defendant claimed its purpose was news reporting; plaintiff claimed defendant's purpose was commercial.[165] Surely, one of those must be character. But which one? In this atmosphere of ambiguity, it is difficult to say precisely what a court should be looking for. The other problem, of course, is stating authoritatively the purpose of a work of art.

In *Ringgold v. Black Entertainment Television, Inc.*,[166] an authorized derivative work, a poster reproducing the plaintiff's "story quilt," was displayed as set decoration in one scene of an episode of *ROC*, a television situation comedy about an African-American family. The total exposure of all or part of the poster equaled twenty-seven seconds in the aggregate. The artist sued for copyright infringement. The episode's producer defended its use as de minimis and in the alternative as fair. The court, rejecting the first defense, recognized the irony in a producer selecting a poster because of its appropriateness in a scene and then claiming that it was barely observable as anything more than "'some vague stylized painting that includes black people.'"[167] The court rejected the second defense, finding nothing transformative in a poster used for the very decorative purpose for which posters are created. What if the defendant had displayed the quilt itself and not the poster? Is the purpose of a quilt decorative, or is it simply a bedcover no matter how elaborate it may be?

If one is unable to state unambiguously the purpose of a photograph, how can one say that an unauthorized reproduction is for a different purpose? In *Sandoval v. New Line Cinema Corp.*,[168] the plaintiff was a photographer; defendant, the producer of the film *Seven*. Plaintiff's contorted, truncated, photographic self-portraits were exploited as set decoration "in furtherance of the creation of a distinct visual aesthetic and overall mood."[169] The artist sued for copyright infringement. To this point, it's *Ringgold*. But then this difference: where the *Ringgold* court found no transformation in the use of a decorative object for a decorative purpose, the *Sandoval* court found defendant's unlicensed use of plaintiff's art for a

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164 *Hofheinz v. A&E*, 146 F. Supp. at 446; *Hofheinz v. AMC*, 147 F. Supp. at 137; *Hofheinz v. Discovery*, 60 U.S.P.Q.2d at 1847 (ellipses in the originals) (quoting *Campbell*, 510 U.S. at 579).

165 942 F. Supp. 1265, 1272-73 (C.D. Cal. 1996).

166 126 F.3d 70 (2d Cir. 1997).

167 *Id.* at 77.

168 973 F. Supp. 409 (S.D.N.Y. 1997).

169 *Id.* at 413.

purely decorative purpose constituted transformation. The court left it for the reader to assume that the purpose of Sandoval's photographs was anything but decorative. But why? Were they not chosen for having precisely the distinct visual aesthetic and overall mood that the defendant exploited? Without that explanation, this judgment appears to be, in Leval's words, "dependent on intuitive judgments."[170] The court did say that Sandoval's photographs were "obscurely" reproduced, but so was Ringgold's quilt. Why is one use transformative and the other not?

The result in *Kelly v. Arriba Soft*[171] is equally troubling. The plaintiff there was another photographer, Leslie Kelly; the defendant, the operator of a Web crawler known as Ditto.com. A user entering a search request on Ditto was looking for images rather than words. The crawler reconnoitered the Web and returned with an apparent array of thumbnails. The user clicked those of interest, enlarging them, and in one version of the program receiving links back to the originating Web site, where the image could be seen in its intended context. Having posted his copyrighted photographs on his own Web site and then discovering their subsequent, unlicensed availability on Ditto, Kelly sued for copyright infringement. The district court acknowledged that he had made out a prima facie case of infringement "unless the fair use doctrine applies."[172]

> The most significant factor favoring Defendant is the transformative nature of its use of Plaintiff's images. 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 to be comprehensive.[173]

Arriba Soft may have made Kelly's and many other photographers' copyrighted work available in a new place (analogous to the way the

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[170] Leval, *Fair Use Standard*, *supra* note 5, at 1107.

[171] 77 F. Supp. 2d 1116 (C.D. Cal. 1999), *aff'd in part, rev'd in part*, 336 F.3d 811 (9th Cir. 2003).

[172] *Id.* at 1118.

[173] *Id.* at 1119. The appeals court sustained the district court's holding on the transformative purpose of the thumbnail images, finding a definitive contrast between Kelly's aesthetic purpose and Arriba's improvement of access to images on the Internet, which is characterized as "unrelated to any aesthetic purpose." *Id.* at 818. "Because Arriba's use is not superseding Kelly's but, rather, has created a different purpose for the images, Arriba's use is transformative." *Id.* at 819. But a purpose that is merely different is not necessarily a purpose that accomplishes copyright's goal of "promoting creativity." *Id.* at 820.

Betamax video recorder made television programs available at a new time), but it did nothing to explicate or improve or build upon the photographs themselves, to accomplish the utilitarian goal at the heart of Leval's premise. The question of whether an artistic purpose precludes a comprehensive character aside, the language of manner, purpose, and character is simply too squirrelly to allow consistent judgments.

C. *Straightforward Mechanical Reproduction*

In Leval's formulation, transformation requires a second author, a subject for the verb *transform*, and a Web crawler is not an author. That is why *Kelly* is such an anomaly. In every other reported case involving straightforward mechanical reproduction the court has not found transformative fair use.[174] The very first reported opinion to cite Leval's article came in just such a case. *Basic Books, Inc. v. Kinko's Graphics Corp.*[175] followed the publication of the article by one year. Judge Constance Baker Motley cited Leval's essay and Weinreb's rejoinder as emblematic of the disagreement over the "interpretation and application of the four [statutory fair use] factors."[176]

> This case is distinctive in many respects from those which have come before it. It involves multiple copying. The copying was conducted by a commercial enterprise [Kinko's] which claims an educational purpose for the materials. The copying was just that — copying — and did not "transform" the works in suit, that is, interpret them or add any value to the material copied, as would a biographer's or critic's use of a copyrighted quotation or excerpt.[177]

Judge Motley contrasted the act of the photocopier with that of the biographer or critic, recognizing the rarified province from which the doctrine sprang. "Transformative use," she concluded, represents a model of judicial "balancing between the justification for and the extent of the taking." "A quotation," she said, quoting Leval, "of copyrighted material that merely repackages or republishes the original is unlikely to pass the test." Defendant's photocopying was mere repackaging.[178] Other courts have adopted the same line.[179]

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174 The Ninth Circuit explained that in all such previous cases "the resulting use of the copyrighted work . . . was the same as the original use." 336 F.3d at 819.

175 758 F. Supp. 1522 (S.D.N.Y. 1991).

176 *Id.* at 1530.

177 *Id.*

178 *Id.*

179 *See* Princeton Univ. Press v. Michigan Document Servs., Inc., 99 F.3d 1381 (6th Cir. 1996), *cert. denied*, 520 U.S. 1156 (1997) (with facts almost identical to *Basic Books*).

A similar result occurred in *Infinity Broadcast Corp. v. Kirkwood*,[180] lest one be lulled into thinking that mechanical reproduction is synonymous with xerography. Defendant made radio broadcasts in ten key markets available worldwide over long-distance telephone service to clients who wanted to verify the broadcast of their advertising, audition on-air talent, or sample a distant station's format.

> "Kirkwood's retransmissions leave the character of the original broadcasts unchanged. There is neither new expression, new meaning nor new message." In short, there is no transformation. As then-District Judge Leval noted in his frequently-cited article on fair use, a use of copyrighted material that "merely repackages or republishes the original" is unlikely to be deemed a fair use.[181]

D. The Persistence of Aesthetic Intuition

"Intuitive reactions to individual fact patterns" were among the liabilities that Judge Leval attributed to the lack of a common judicial understanding of fair use. Yet it was not long after courts began measuring secondary use by the standard of transformation that a subtle calibration, as intuitive as any that characterized such decisions earlier, eroded the common assumption that the doctrine required in order to realize predictability. This calibration takes the form of a string of adverbial modifiers that courts apply in an attempt to create the precise nuance of transformation it imagines it sees reflected in the act of the secondary user. Accordingly, courts have observed secondary uses range from "minimally transformative"[182] to "not very transformative"[183] to "only slightly transformative"[184] to "modestly transformative"[185] to "substantially transformative"[186] to "highly transformative"[187] with no indication of the way one

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[180] 150 F.3d 104 (2d Cir. 1998).

[181] *Id.* (citations omitted).

[182] Castle Rock Entm't, Inc. v. Carol Publ'g Group, Inc., 150 F.3d 132, 144 (2d Cir. 1998). "However, the work as a whole, drawn directly from the *Seinfeld* episodes without substantial alteration, is far less transformative than other works we have held not to constitute fair use." *Id.* at 143. *See also* Byrne v. British Broad. Ass'n, 132 F. Supp. 2d 229, 235 (S.D.N.Y. 2001).

[183] L.A. News Serv. v. Reuters Television Int'l, Ltd., 149 F.3d 987, 993 (9th Cir. 1998).

[184] Religious Tech. Ctr. v. Netcom On-Line Communication Servs., Inc., 923 F. Supp. 1231, 1243 (N.D. Cal. 1995).

[185] Sony Computer Entm"t, Inc. v. Connectix Corp., 203 F.3d 596 (9th Cir. 2000).

[186] Nihon Keizai Shimbun, Inc. v. Comline Bus. Data, Inc., 166 F.3d 65, 72 (2d Cir. 1999) ("If the second work is substantially transformative, this factor favors a finding of fair use.").

of these modifiers relates to the next. Trying to define transformation is like trying to define beauty. It's in the eye of the beholder.

VII. CONCLUSION

Judge Leval was equivocal in his support for a standard to determine whether a secondary user had mounted an adequate fair use defense. At the conclusion of his 1990 essay he wrote,

> We should not adopt a bright-line standard unless it were a good one — and we do not have a good one. We can nonetheless gain a better understanding of fair use and greater consistency and predictability of court decisions by disciplined focus on the utilitarian, public-enriching objectives of copyright — and by resisting the impulse to import extraneous policies.[188]

So saying, he was not calling the doctrine of transformation into question but admonishing others to use it not as a substitute for judicious reasoning but as a means of remaining focused on the objectives of copyright. "Greater consistency and predictability of court decisions," he argued, would be a favorable result.

In the years since the doctrine was promulgated, and especially since its apotheosis in *Campbell*, dozens of federal courts have applied it, some in precisely the thoughtful manner its author urged, others as a shibboleth, whose mere invocation was intended to be understood as judgment. The result has not been consistency and predictability. Indeed, citing the selfsame doctrine, courts may arrive at conclusions that, if not downright antithetical, are at least difficult to reconcile.

We are frequently reminded that fair use is "an equitable rule of reason,"[189] that the determination is fact specific and indescribably difficult to make.

> The doctrine is entirely equitable and is so flexible as virtually to defy definition. Our Court of Appeals . . . some years ago described the issue of fair use as "the most troublesome in the whole law of copyright."[190]

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187 Suntrust Bank v. Houghton Mifflin Co., 268 F.3d 1257, 1269 (11th Cir. 2001) ("[*The Wind Done Gone*'s] for-profit status is strongly overshadowed and outweighed in view of its highly transformative use of [*Gone with the Wind*'s] copyrighted elements.").

188 Leval, *Fair Use Standard*, *supra* note 5, at 1135.

189 Harper & Row Publishers, Inc. v. Nation Enters., 471 U.S. 539, 561 (1985) (citing H.R. REP. NO. 94-1476, at 65 (1976)). Leval has referred to this axiom as a canard. Leval, *Nimmer Lecture*, *supra* note 7, at 1456.

190 Time, Inc. v. Bernard Geis Assocs., 293 F. Supp. 130 (S.D.N.Y. 1968) (citations omitted).

Fair use remains troublesome. While the novel doctrine of transformation has not changed that, it cannot be reckoned a failure, nor can the sins and omissions committed in its name be laid at the feet of its founder. If the opinions Judge Leval rendered in *Salinger* and *New Era* were not sufficiently persuasive to focus the Second Circuit on the objectives — or at least his vision of those objectives — of copyright law, his formulation of a doctrine did. If it continues to fulfill that somewhat narrow role, it will be hailed a success indeed. It is only as it is applied without due consideration of those objectives, distorted to settle questions for which it was never intended and remains ill-suited, or cited to eliminate other factors, such as public policy, on which judgments of fair use might be based, that it shall be adjudged a means more foul than fair.

PART II

RECENT DEVELOPMENTS IN COPYRIGHT

Copyright Review
2003

"RECENT DEVELOPMENTS IN COPYRIGHT" SELECTED ANNOTATED CASES

by DAVID GOLDBERG, ROBERT W. CLARIDA AND THOMAS KJELLBERG

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I. JURISDICTION AND PROCEDURAL ISSUES

A. Subject Matter Jurisdiction

Merkos L' Inyonei Chinuch, Inc. v. Otsar Shifrei Lubavitch, Inc., 312 F.3d 94 (2d Cir. 2002)

Second Circuit affirmed grant of preliminary injunction against infringing translation of traditional Hebrew prayer book, *Siddur Tehillat Hashem*. Defendant claimed authorization from individual member of plaintiff's board of directors, who allegedly had been informally appointed by late

Lubavitcher Rebbe, Menachem Schneerson, to lead plaintiff corporation after Rebbe's demise. Plaintiff asserted that Rebbe had made no such appointment, but had instead established formal corporate structure under New York law. Defendant challenged federal jurisdiction under First Amendment, claiming that resolution of parties' dispute would entangle government in internal religious affairs of Lubavitch community. Second Circuit found jurisdiction proper because copyright action could be decided by applying neutral principles of law, citing *United Christian Scientists v. Christian Science Board of Directors*, 829 F.2d 1152 (D.C. Cir. 1987). Although defendant cited favorable ruling by rabbinic tribunal, court held that plaintiff was not obliged to accept authority of this ruling: "we cannot decline jurisdiction on this basis; to do so would permit any party to contend that religious doctrine that it deems authoritative undermines the authority of its adversary's position."

Jasper v. Bovina Music, Inc., 314 F.3d 42 (2d Cir. 2002)

Second Circuit upheld federal copyright jurisdiction in contract-based dispute over payment of music royalties. Plaintiffs were two of six members of musical group The Isley Brothers who had joined group in 1973, over ten years after group originally formed by three older brothers. All six members were listed as co-authors on copyright registrations for songs written and recorded between 1973 and 1983. Older brothers were sole owners of publishing company, Bovina, which they formed to administer group's musical compositions. In 1980, Bovina entered into agreement with April Music under which Bovina assigned to April Music an undivided 50% interest in group's compositions and April Music agreed to co-administer compositions, collect song royalties, and pay share of income from 50% interest to Bovina. After resolution of older brothers' bankruptcy proceeding, plaintiffs sued Bovina for song royalties received under 1980 agreement. District court and parties had assumed existence of federal jurisdiction. Noting that "the fact that a case concerns a copyright does not necessarily mean that it is within the jurisdiction of a federal district court," Second Circuit concluded that federal jurisdiction existed because resolution of dispute required determination of whether addendum to April Music agreement purporting to transfer ownership rights constituted sufficient "writing" within meaning of § 204(a) of Copyright Act. Second Circuit affirmed district court's finding that addendum, which was signed by plaintiffs and clearly indicated assignment of copyright interests, satisfied writing requirement and defeated plaintiffs' claims for song royalties.

Scandinavian Satellite Sys. AS v. Prime TV, Ltd., 291 F.3d 839 (D.C. Cir. 2002)

Remanding dismissed copyright infringement claim to district court, D.C. Circuit held that incorporation of contract rescission claim concerning Joint Venture Agreement ("Agreement") that governed disputed television broadcast rights did not deprive court of subject matter jurisdiction under Copyright Act. Appellant broadcaster obtained exclusive copyright sublicense ("License") to broadcast Pakistan Television Corporation programming outside Pakistan. Appellant then signed Agreement with original licensee which shifted controlling interest in appellant's subsidiary, Prime TV, to original licensee and simultaneously transferred License to Prime TV. Thereafter, appellant brought copyright infringement action against Prime TV and individual co-defendants, contending appellant retained exclusive License because Agreement was null and void owing to alleged coercion by co-defendant. District court hypothesized that if Agreement was valid then Appellant lacked relevant broadcast rights and could not bring copyright claim, and dispute amounted to no more than "straightforward contract action." District court alternatively surmised that if Agreement was void (thereby negating related transfer of controlling interest in Prime TV), defendant in action would be wholly-owned subsidiary, barring suit. Consequently, district court dismissed for lack of subject matter jurisdiction. Circuit court reversed, holding inclusion of contract rescission claim did not disrupt action's fundamental character as copyright infringement claim. Specifically, court held "when a complaint alleges a claim or seeks a remedy provided by the Copyright Act, subject matter jurisdiction under § 1338(a) is not lost merely because a contract ownership dispute may be implicated." Court found Seventh Circuit's conclusion in *International Armor & Limousine Co. v. Moloney Coachbuilders, Inc.*, 272 F.3d 912 (7th Cir. 2001), i.e., that "a dispute about the ownership of a copyright does not arise under federal law," misinterpreted holding of *T.B. Harms Co. v. Eliscu*, 339 F.2d 823 (2d Cir. 1964), that action arises under Copyright Act "if the complaint is for a remedy expressly granted by the Act." Because complaint asserted copyright infringement claim and demand for declaratory and injunctive relief, subject matter jurisdiction was established. Court also held district court's alternative basis that parent corporation may not sue its subsidiary was incorrect, but left for district court on remand relevant question as to whether appellant exerted such control over subsidiary as to eliminate separate corporate identity requisite to maintain action against subsidiary.

Xoom, Inc. v. Imageline, Inc., 323 F.3d 279 (4th Cir. 2003)

Defendant's registrations for bundled software packages containing hundreds of electronic clip-art files were sufficient to support jurisdiction for

counterclaims over infringing use of individual clip-art images. Defendant's electronic clip-art software packages included "SuperBundle," consisting of 1,580 clip-art images, and "Master Gallery," consisting of 9,618 clip-art images. Defendant registered SuperBundle and Master Gallery as compilation or derivative works, submitting to Copyright Office "art, text and packing design for CD-ROM and diskette media," together with printed images and electronic copies of underlying individual clip-art. On counterclaim for infringement of these images, district court granted partial summary judgment to plaintiff, finding defendant's copyright registrations for compilations did not extend protection to individual, underlying images. Although Fourth Circuit declined "to make a determination of whether the individual clip-art images were effectively registered," it reversed district court's ruling, concluding that defendant's registration of SuperBundle and Master Gallery were "sufficient to permit an infringement action on the underlying parts" because defendant owned copyright in individual images as well as in compilations.

Leonardo v. United States, 65 U.S.P.Q.2d 1915 (Fed. Cl. 2003)

Court of Federal Claims granted defendant's motion for summary judgment with respect to claims under Visual Artists Rights Act of 1990 because infringing acts occurred abroad. Plaintiff sought damages in suit against U.S. government for damage to artworks sustained in connection with transfer to storage center at American Cultural Center in Brussels. Court denied defendant's motion for summary judgment with respect to statute of limitations, which was tolled during pendency of plaintiff's administrative claim with Department of State. Defendant argued court lacked jurisdiction because infringing acts occurred abroad. Plaintiff argued that infringement under § 106A, "the deprivation from the author of the right to prevent her works from being destroyed," occurred in U.S. Alternatively, plaintiff urged that conduct occurred on U.S. diplomatic property, so U.S. law would apply. Court relied on plain language of 28 U.S.C. § 1498(c), "[t]he provisions of this section shall not apply to any claim arising in a foreign country." Because "negligent act or omission" occurred abroad, court was without subject matter jurisdiction, and granted summary judgment to defendant on § 106A claim.

Strategy Source, Inc. v. Lee, 233 F. Supp. 2d 1 (D.D.C. 2002)

District court granted motion to dismiss for lack of subject matter jurisdiction in action for infringement of unregistered copyright. Plaintiff sued for infringement of advertising materials, and defendants moved to dismiss, citing lack of registration under § 411(a). Plaintiff argued that application was being processed by Copyright Office, and that issued registration was not prerequisite to suit. Noting split in circuits, court followed 11th Cir-

cuit's interpretation of § 411(a) in *Arthur Rutenberg Homes, Inc. v. Drew Homes, Inc.*, 29 F.3d 1529 (11th Cir. 1994), holding registration certificate is prerequisite to infringement suit. Recent mail disruption due to possible anthrax contamination of Copyright Office filings did not authorize court to disregard clear statutory requirement of registration before suit. In questionable dicta, however, court warned that defendants may be liable for infringement dating back to date of application's receipt in Copyright Office if registration issues, ignoring possibility of liability for all infringements within three-year limitations period.

Seals v. Compendia Media Group, No. 02 C 0920, 2003 U.S. Dist. LEXIS 2980 (N.D. Ill. Feb. 27, 2003)

District court denied motion to dismiss infringement claim alleging unlawful distribution of sound recordings in Philippines. Plaintiff, composer and singer, granted exclusive license to defendant's predecessor to manufacture, license and sell works included on his album "In a Quiet Room" in U.S. and Canada. Plaintiff claimed defendant provided unauthorized copies of plaintiff's works to Philippines company for sale and distribution in Philippines. Plaintiff asserted direct and contributory infringement against defendant and vicarious infringement against defendant's employees. Court denied defendant's motion to dismiss on grounds that infringing acts took place in Philippines, finding that reproduction within U.S. that leads to exploitation abroad is actionable under Copyright Act. Court dismissed claims based solely on domestic authorization of foreign infringements, however.

Positive Black Talk, Inc. v. Cash Money Records, Inc., 66 U.S.P.Q.2d 1468 (E.D. La. 2003)

District court denied defendant's motion for summary judgment, finding proper subject matter jurisdiction, based upon Copyright Office's receipt of plaintiff's application for registration of song lyrics for "Back That Ass Up" after filing of infringement action. Plaintiff had filed application for registration on same day as infringement action was filed, and Copyright Office had received application four days later. Registration with Copyright Office is jurisdictional prerequisite to infringement action, which, under Fifth Circuit precedent, is satisfied when Copyright Office receives application, deposit and fee. Court noted that it was open question in Fifth Circuit as to whether lack of registration can be cured after filing of suit. Court reasoned that because jurisdictional defect was cured four days after filing of suit and case had been pending more than year with trial set one month away, it could "think of no greater waste of judicial resources than to needlessly dismiss the suit without prejudice at this juncture simply for the sake of requiring PBT to refile." Court thus held that even though

jurisdiction was lacking when suit was filed, such defect was cured by subsequent filing. Court applied similar reasoning to allow action to proceed on music for song, even though application was filed only after defendant had made summary judgment motion.

Denenberg v. Berman, Copyr. L. Rep. ¶ 28,515 (D. Neb. 2002)

Court granted defendant's motion to dismiss, finding plaintiff's failure to produce certificate of copyright registration precluded court from exercising subject matter jurisdiction. Plaintiff plastic surgeon brought claim of copyright infringement against defendant dentist for use of text and materials taken from plaintiff's Web site. Defendant moved to dismiss on ground that court lacked subject matter jurisdiction pursuant to § 411 of Copyright Act, which requires "registration of the copyright claim" for plaintiff to initiate infringement action. However, § 411 also allows initiation of copyright infringement action where plaintiff has deposited requisite application and fee with Copyright Office, and registration has been refused. Plaintiff urged court to interpret § 411 as merely requiring demonstration that application for copyright registration has been made with Copyright Office. Court disagreed, finding § 411 confers subject matter jurisdiction only where plaintiff has obtained copyright registration for subject work or, alternatively, where plaintiff has applied for copyright registration and such registration has been refused.

Prospect Planet, L.L.C. v. Paychecks for Life.com, 65 U.S.P.Q.2d 1798 (D.N.D. 2003)

District court granted defendant's motion to dismiss. Plaintiff sued seeking declaration that it did not infringe defendant's copyright in "prospecting e-mail" templates. Defendant moved to dismiss for lack of subject matter jurisdiction. Court, noting that jurisdictional requirements of copyright actions apply equally to declaratory judgment actions, held declaratory judgment action for copyright non-infringement barred because of defendant's failure to register copyright in templates.

B. Personal Jurisdiction and Venue

Cambridge Literary Props., Ltd. v. W. Goebel Porzellanfabrik G.m.b.H & Co., 295 F.3d 59 (1st Cir. 2002)

First Circuit vacated district court's dismissal for lack of personal jurisdiction. Plaintiff sought share of defendant's profits from sale of porcelain figures based on images of children drawn by Sister Berta Maria Innocetia Hummel in 1934. Plaintiff claimed ownership interest in renewal copyright for book in which images appeared. Plaintiff brought action in Massachusetts district court, invoking long-arm statute on grounds that

defendant, German limited partnership, sold figurines through Massachusetts distributor from 1988–1994. First Circuit stated that in order to invoke long-arm statute, plaintiff must satisfy following due process requirements: (1) defendant had "minimum contacts" with state; (2) court's exercise of jurisdiction is reasonable; and (3) plaintiff's claims must be related to defendant's contacts. District court dismissed, stating that plaintiff's claim rested on "a series of propositions" (i.e., whether 1934 work was work of joint authorship, and whether plaintiff held valid interest) that "had no connection with sales or distribution in Massachusetts." First Circuit vacated order of dismissal: "That events elsewhere also bear upon the claim, and may indeed be the main (or only) subjects of actual dispute at trial, does not negate the existence of minimum Massachusetts contacts related to the claim."

Bridgeport Music, Inc. v. Still N The Water Publ'g, 327 F.3d 472 (6th Cir. 2003)

Sixth Circuit, *per curiam*, affirmed in part, reversed in part dismissal for lack of personal jurisdiction. Plaintiffs, Michigan corporations, sued Texas music publisher and Florida record company for copyright infringement based on sampling of sound recordings and musical compositions. District court dismissed for lack of personal jurisdiction. Specific jurisdiction is proper, Sixth Circuit noted, only if defendant's contact with forum state satisfies three-part test set forth in *Southern Machine Co. v. Mohasco Industries, Inc.*, 401 F.2d 374 (6th Cir. 1968). Under first prong, defendant must purposefully avail itself of privilege of acting in forum state or causing a consequence in the forum state. Since district court addressed only first factor, Sixth Circuit would do likewise. Sixth Circuit adopted "stream of commerce 'plus'" theory articulated in *Asahi Metal Industry Co. v. Superior Court*, 480 U.S. 102 (1987), under which "[t]he placement of a product into the stream of commerce, without more, is not an act of the defendant purposefully directed toward the forum State." Court found publisher did not "purposefully avail" itself of privilege of acting in Tennessee by virtue of issuing mechanical licenses for allegedly infringing compositions, in relation to which publisher had financial interest in licensee's selling as many records as possible throughout entire U.S., including in Tennessee. Extra element, in form of contractual *obligation* to distribute compositions in forum state, was lacking. Publisher's "lack of objection" to sales in state and fact that company advertises nationally are contacts "too attenuated" to find purposeful availment, court found. Record company, on other hand, had entered into contract with distributor through which it sought distribution of its recordings "in all 50 states," and operated Web site through which users could access catalog and purchase records. Sixth Circuit thereby found "additional element" indicating re-

cord company had purposefully availed itself of privilege of acting in Tennessee.

ALS Scan, Inc. v. Digital Serv. Consultants, Inc., 293 F.3d 707 (4th Cir. 2002), *cert. denied*, 123 S. Ct. 868 (2003)

Court affirmed dismissal of complaint. Plaintiff ALS Scan, Inc. ("ALS") sued Digital Service Consultants, Inc. ("Digital"), Internet service provider, and its customers Robert Wilkins and Alternative Products, Inc. (collectively "Alternative Products") for infringement of copyright in adult photographs of female models. ALS claimed that Alternative Products placed copies of ALS's photographs on Alternative Products' Web sites, thereby infringing copyrights in photographs. Fourth Circuit affirmed district court's dismissal of complaint for lack of personal jurisdiction, holding that Maryland had no general or specific jurisdiction over Georgia corporation with only place of business in Atlanta even though Digital, as Internet service provider, sent electronic signals that were received in Maryland. Digital alleged that it did not select infringing photographs, that it did not have knowledge that they were posted on Alternative Products' Web site, that it received no income from Alternative Products' subscribers, and that it had no business or offices, no contracts, no income, no advertising, and no property in Maryland. Noting that Maryland's long-arm statute extended to limits of Due Process Clause, court adopted and adapted "sliding scale" developed in *Zippo Manufacturing Co.*, 952 F. Supp. 1119 (W.D. Pa. 1997), to determine when electronic contacts with state are sufficient for specific jurisdiction. Court held specific jurisdiction is consistent with Due Process Clause when (1) person directs electronic activity into state, (2) with manifest intent of engaging in business or other interactions with state, and (3) that activity creates, in person within state, potential cause of action cognizable in state's courts. Court concluded that Digital's electronic activity was, at most, passive, and therefore beyond Maryland's long-arm jurisdiction. Court also stated that it was not prepared to say that state may obtain general jurisdiction over out-of-state persons who regularly transmit electronic signals into state via Internet.

United Feature Syndicate v. Miller Features Syndicate, 216 F. Supp. 2d 198 (S.D.N.Y. 2002)

Court asserted personal jurisdiction over Canadian defendant based on Web infringement. Plaintiff was in business of syndicating newspaper features, including comic strips, for which it owned registered copyrights. Plaintiff had licensed rights to publish its features in Canadian newspapers to co-defendant Miller Features, marketing agent located in Canada. Plaintiff and Miller Features first had oral agreement, then written agree-

ment which appointed Miller Features as plaintiff's agent. After expiration of written agreement, Miller Features continued to act as plaintiff's agent until plaintiff became aware that Miller Features had fallen behind in its payments. Plaintiff then terminated agreement. Miller Features, through two of its officers, Richard and Agnes Vroom ("Vrooms"), continued to contact plaintiff's clients. Miller Features also continued to hold itself out as plaintiff's agent on its Web site, which plaintiff alleged featured some images from its copyrighted comic strips. Miller Features then filed for bankruptcy, and plaintiff filed present action against Miller Features and Vrooms individually, alleging various claims including copyright infringement. Plaintiff voluntarily discontinued action against Miller Features, and Vrooms moved to dismiss pending claims against them on procedural grounds. Court held that plaintiff need only make prima facie showing of jurisdiction to defeat Vrooms' motion, and found that allegations revealed sufficient nexus between claims and business transacted in New York by Vrooms to justify exercise of long-arm jurisdiction. Specifically, with respect to copyright claim, since plaintiff alleged that it discovered infringing material on Miller Features Web site, plaintiff likely accessed Web site in New York. Plaintiff's counsel, in response to motion, specifically stated that material was accessible from United States and plaintiff was prepared to prove infringement had effect within United States. Court held this to be sufficient to state valid copyright infringement claims, although court granted plaintiff leave to amend complaint to specifically allege that infringement had effect in United States. Court rejected Vrooms' argument that claim was moot since Web site had been shut down, finding plaintiff may be entitled to damages if it can prove Vrooms infringed copyrights before site was taken down.

Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 243 F. Supp. 2d 1073 (C.D. Cal. 2003)

District court denied defendant foreign corporations' motions to dismiss, holding that Sharman Networks, Ltd. and LEF Interactive PTY, Ltd. were subject to personal jurisdiction in California under California long-arm statute. Sharman distributed software which allowed users to exchange digital media via peer-to-peer transfer network. Plaintiffs alleged such activity subjected defendants to contributory and vicarious liability for copyright infringement of their motion pictures and sound recordings. Court declined to exercise general jurisdiction over Sharman, even though Sharman counted California residents among its users and executed end-user licenses with such residents; hired California agents, such as public relations firm, advertising firm, and law firm; and executed contracts which contained California choice-of-law and forum selection clauses (although plaintiff's claims did not arise out of these contracts). However,

court did hold that distribution of Sharman's software to two million California residents constituted "an essentially commercial act" and, as such, Sharman "knowingly and purposefully availed itself of the privilege of doing business in California." Accordingly, court held Sharman subject to specific jurisdiction in California. Court held LEF subject to personal jurisdiction due to instigation and maintenance of Sharman's activities, as well as corporate overlap with Sharman.

Blackhawk Indus., Inc. v. Bonis, 238 F. Supp. 2d 748 (E.D. Va. 2003)

Virginia district court denied defendant's motion to transfer declaratory copyright action to court in Western New York. Defendant, who produced catalogs for plaintiff's military equipment, filed motion to transfer copyright claims from Virginia, where photo shoots occurred, to New York, where its business was located. Defendant argued that New York had jurisdiction because contested works were created in New York. Defendant also alleged that plaintiff acted in bad faith by filing for declaratory judgment during settlement negotiations, and that court lacked jurisdiction because plaintiff did not file for copyright registration prior to commencing action. Court determined that balance of conveniences did not weigh in favor of transferring case to New York, since significant events surrounding creation of works also occurred in Virginia. Moreover, court held that dismissal, not transfer, was appropriate remedy if claims were improperly filed. Court also held that defendant's vague allegations of bad faith were not sufficient to show that interests of justice required transfer of claims.

Graduate Mgmt. Admission Council v. Raju, 241 F. Supp. 2d 589 (E.D. Va. 2003)

Virginia plaintiff sued citizen of India alleging infringement of GMAT test questions. Defendant moved to dismiss for lack of personal jurisdiction. Defendant sold allegedly infringing material over Internet using domain names registered in Virginia. Copyrights allegedly infringed were those of Virginia entity. Defendant's Web site provided toll-free telephone numbers to be used in "the U.S. and Canada," promised delivery to "most parts of the world (including the U.S.)," and of six testimonials on defendant's site, three were from U.S. customers, one from Virginia. Finally, defendant sold and shipped allegedly infringing materials to individuals in Virginia on at least two known occasions. Although these facts satisfied Virginia's long-arm statute, court held that they did not meet requirements of constitutional due process under leading Internet/personal jurisdiction cases. Specifically, court held that although defendant's activities "create[d], in a person within the state, a potential cause of action," it could

not establish that defendant "directed electronic activity into the state" with "intent of engaging in business . . . within the State." Court did, however, find personal jurisdiction over defendant under Fed. R. Civ. P. 4(k)(2), which addresses personal jurisdiction based on contacts with United States as whole.

Robbins v. Yutopian Enters., Inc., 202 F. Supp. 2d 426 (D. Md. 2002)

Maryland district court denied defendant's motion to dismiss copyright infringement suit for lack of personal jurisdiction, but granted defendant's motion to transfer case to California. Plaintiff, owner of rights in "Go Database" software, sued defendant in Maryland for infringement. Historical board game Go is played by avid enthusiasts who spend extensive time practicing and studying game to enhance playing abilities. Plaintiff and defendant entered into agreement whereby plaintiff was to receive royalty of 25% of sales of defendant's Go software. Plaintiff alleged that defendant failed to make royalty payments and threatened to sell software past agreement expiration. Plaintiff asserted that defendant was subject to jurisdiction in Maryland because defendant made forty-six transactions with Maryland residents. However, plaintiff produced only affidavit from one individual who stated that he purchased $5,000.00 worth of Go products from defendant over course of five years. Plaintiff failed, moreover, to submit evidence that forty-six transactions related to Go software. Transactions, therefore, were not enough to establish jurisdiction over defendant. Plaintiff also alleged that defendant was subject to jurisdiction in Maryland by virtue of fact that advertising in *American Go Journal* was viewed by Maryland residents and defendant's Web site could be accessed by Maryland residents. Court held, however, that mere presence on Internet was not enough to confer jurisdiction over defendant, especially since plaintiff failed to allege that cause of action specifically arose out of Internet transactions with Maryland residents. Court, in interest of justice, transferred case to Central District of California, where jurisdiction over defendant was proper.

Richards v. Tsunami Softgoods, Inc., 239 F. Supp. 2d 80 (D. Me. 2003)

Plaintiff artist sued defendants in federal court in Maine alleging infringement of registered watercolor painting. Defendants, Utah corporation and Canadian corporation, moved to dismiss for lack of personal jurisdiction. Court found no general jurisdiction over either defendant pursuant to Maine's long-arm statute. As to specific jurisdiction under long-arm statute, plaintiff alleged that she purchased defendant's infringing products through third-party catalogues, and that goods were shipped to her in

Maine. Court granted motion to dismiss, focusing on failure to allege any agency relationship between third-party catalogues and defendants, or actual shipment by defendants themselves into Maine.

C. Pleadings

North Am. Thought Combine, Inc. v. Kelly, 66 U.S.P.Q.2d 1158 (S.D.N.Y. 2003)

District court granted defendant's motion to dismiss declaratory judgment claim. Plaintiff brought action against defendant artist seeking declaration that plaintiff co-owned unidentified joint works, and was sole owner of unnamed collective works. Plaintiff claimed that it entered into representation agreement whereby plaintiff assisted defendant in compiling defendant's artwork with certain joint works to create unique collective works. However, pleadings failed to specify which works were covered by agreement, or which works plaintiff claimed to be collective works. Court held that since works at issue were not specified, plaintiffs failed to include "short and plain statement of claim" under Fed. R. Civ. P. 8(a)(2). Court concluded that, absent basic requirement of specifying works at issue, declaratory action could not proceed.

Brought to Life Music, Inc. v. MCA Records, Inc., 65 U.S.P.Q.2d 1954 (S.D.N.Y. 2003)

Plaintiff sued recording artist Andre Young, a/k/a Dr. Dre, and Scott Storch alleging Dre infringed plaintiff's rights by using portions of plaintiff's recording on his own recording "Family Affair," and alleging that Storch infringed plaintiff's rights by "providing a copy" of plaintiff's recording to Dre. Storch moved to dismiss for failure to state claim. Court dismissed infringement claim against Storch, holding that complaint merely alleged Storch provided copy of recording to Dre and thus failed to allege that Storch violated any exclusive rights by reproducing work, preparing derivative work, selling work publicly or performing work by digital transmission. As to contributory infringement, court held plaintiff failed to allege Storch knew of and substantially participated in infringement. Court noted that it is not enough to allege that defendant merely provided means for accomplishing infringement.

Too, Inc. v. Kohl's Dep't Stores, Inc., 210 F. Supp. 2d 402 (S.D.N.Y. 2002)

Court granted plaintiff's request for leave to amend pleadings to add claims of unfair competition. Plaintiff initially brought copyright and trademark infringement claims against defendants for use of panda design on clothing. During discovery, plaintiff learned of defendants' possibly

fraudulent filings in Copyright Office and requested permission to add claim of unfair competition, as well as deliberate and intentional attempt to misappropriate plaintiff's works by passing off and palming off subject works as defendant's. Defendants argued that Copyright Act preempted proposed unfair competition and misappropriation claims and, moreover, plaintiff had no standing to assert cause of action sounding in fraud on Copyright Office. Court disagreed, stating that where claim involves "'extra element' beyond the acts of 'reproduction, performance, distribution or display,'" it is not preempted by § 301. Since plaintiff's proposed claims of unfair competition and passing/palming off involve extra element of false designation, they are not preempted by Act. Moreover, plaintiff was not adding claim of fraud and thus did not need standing to assert claim. Plaintiff's proposed claim merely rested on "the individual factual allegation of fraud against the Copyright Office" and was thus relevant to establish false designation element of claim.

Latin Am. Mech. Rights Collection Agency, Inc. v. Marti, Flores, Prieto & Wachtel Adv., Inc., 204 F. Supp. 2d 270 (D.P.R. 2002)

District Court adopted Magistrate Judge's report and recommendation to dismiss copyright infringement claim for failure to properly plead ownership, but dismissed claim with prejudice because plaintiff refused to delineate clear chain of title in Amended Complaint. Count One of initial Complaint alleged that defendants used song "Represento" without permission, and that plaintiff was author and sole owner. Defendant moved to dismiss, arguing that plaintiff did not establish exclusive rights to song. In Amended Complaint, plaintiff broadly alleged that 1993 contract granted it rights in song, and thus was sufficient to establish standing. Magistrate Judge, however, found Amended Complaint did not sufficiently outline chain of title, and recommended dismissal of Count One without prejudice. District Judge reviewed report and agreed that, despite plaintiff's explanation in Amended Complaint, chain of title was still unclear and did not establish plaintiff's exclusive rights in song. Court concluded that since plaintiff chose to do nothing to cure defects in establishing chain of title in its Amended Complaint, court would adopt Magistrate Judge's recommendation to dismiss infringement claim, but would dismiss claim with prejudice.

D. Standing

Foraste v. Brown Univ., 248 F. Supp. 2d 71 (D.R.I. 2003)

Despite lack of issued registration, court denied defendants' motion to dismiss plaintiff's Amended Complaint based on lack of standing. Plaintiff

was full-time professional photographer, who, for over twenty years, produced thousands of photographs of Brown University campus. Plaintiff alleged in Amended Complaint that he had initiated copyright registration process for ninety-seven images that formed basis of suit. Defendants moved to dismiss on ground of lack of standing because plaintiff had not yet obtained copyright registrations for his images at time of suit. Court noted that First Circuit had not yet addressed this issue. Court held that it had jurisdiction but plaintiff could only seek equitable relief until images were fully registered. Court took note of plaintiff's argument that § 408(a) of Copyright Act states that registration is not a condition of copyright protection. Court also noted that § 411(a) permits suit for copyright infringement even if application for registration has been rejected by Copyright Office if notice of suit is served on Register of Copyrights. Court also noted that failure to register is not fatal to plaintiff's substantive interest in copyright and that it would be inequitable to require plaintiff, prior to suit, to register copyrights in images to which Brown was denying him access. However, court agreed with approach in *Olan Mills, Inc. v. Linn Photo Co.*, 23 F.3d 1345 (8th Cir. 1994): while plaintiff's allegations in his Amended Complaint were enough to give him standing and to give court subject matter jurisdiction, plaintiff could only seek injunctive relief and not damages until such time as images were fully registered.

E. Miscellaneous

Syntek Semiconductor Co. v. Microchip Tech., Inc., 307 F.3d 775 (9th Cir. 2002)

Ninth Circuit stayed action for declaratory judgment pending administrative proceedings in Copyright Office. District court granted summary judgment for defendant Microchip Technology, Inc. ("Microchip") in action for declaratory relief brought by Syntek Semiconductor Co., Ltd. ("Syntek"). Syntek alleged that Microchip did not comply with applicable regulations when registering its PIC 16C5x microcode because Microchip deposited source code decompiled from object code with Copyright Office. Appeals court vacated judgment of district court and remanded with instructions to stay action pending consideration by Register of Copyrights. Court stated that issue is properly considered by Copyright Office pursuant to doctrine of primary jurisdiction. Court, following factors laid down in *United States v. General Dynamics Corp.*, 828 F.2d 1356 (9th Cir. 1987), held that: (1) Congress intended to have national uniformity in copyright laws; (2) determination of whether decompiled object code qualifies for registration as source code under copyright regulations is issue of first impression; and (3) issue in instant case is one that Congress has left to Register of Copyrights. Court stated that case involves analysis of whether Copyright Office acted in conformity with its own regulations

when it granted registration to Microchip. Lastly, court stated that declaration of invalidity of registration sought by Syntek is indistinguishable from remedy for cancellation of registration, for which Congress has provided administrative remedy.

Edelman v. N2H2, Inc., No. 02 CV 11503, 2003 WL 1856428 (D. Mass. Apr. 7, 2003)

Court found no justiciable controversy in declaratory judgment action involving plaintiff's asserted First Amendment right to reverse engineer defendant's Internet blocking software and publish results. Defendant's software was used by schools and libraries to filter Web sites containing child pornography and other objectionable matter. Plaintiff claimed software indiscriminately blocked protected material as well. Plaintiff intended to analyze "block list" to determine its accuracy and publish results, and refused defendant's licensing agreement because it prohibited reverse engineering and disclosure of embedded information. When plaintiff sought declaratory relief, defendant moved to dismiss for failure to plead justiciable case or controversy. Court held that despite defendant's quarterly financial reports promising to defend against plaintiff's lawsuit "to the fullest extent," plaintiff failed to plead concrete and particularized invasion of legally protected interest but rather articulated threat which was conjectural as to defendant's intentions. Court noted that because exact dimensions of plaintiff's research and content of what he intended to publish were unpled, any advisory opinion court could give would be too general to provide plaintiff any guidance.

Tilley v. The TJX Cos., Inc., 65 U.S.P.Q.2d 1848 (D. Mass. 2003)

Court granted plaintiff's motion to certify defendant class and amend complaint. Plaintiff, professional graphic artist, published copyrighted wallpaper design. Plaintiff alleged defendant Dennis East International, Inc. imported, promoted and sold various home décor items bearing copied design to some 557 retailers across United States, who sold items to retail customers. Plaintiff brought complaint against Dennis East and only one retailer, but later sought to certify defendant class of retailers, with defendant TJX as named class representative, and amend her complaint accordingly. Court noted that four prerequisites of Fed. R. Civ. P. 23(a) for class certification — numerosity, commonality, typicality, and adequacy of representation — were same for defendant class as for plaintiff class, and found they were met here. Court rejected TJX's argument that typicality requirement was not met because most potential class defendants could be expected to cross-claim against Dennis East for indemnification, requiring separate legal analyses. Fact that potential cross-claims may raise different issues of law and fact is immaterial to typicality analysis, court held.

Court also rejected arguments that TJX could not adequately represent proposed class because of conflict of interest with other proposed class members, and because its counsel was small firm lacking sufficient experience or resources to represent large class. Problem, court found, was not in proposed class but in joint representation; solution would not be to refuse class certification, but to disqualify law firm from representing defendant class and Dennis East.

II. COPYRIGHTABILITY

A. Compilations and Derivative Works

Silverstein v. Penguin Putnam, Inc., 2003 Copyr. L. Dec. ¶ 28,602 (S.D.N.Y. 2003)

District court granted summary judgment to plaintiff on claim that defendant's publication of Parker poems in book *Dorothy Parker: Complete Poems* violated plaintiff's compilation copyright. Plaintiff created compilation of previously uncollected poems by Parker, published with additional material as *Not Much Fun – The Lost Poems of Dorothy Parker*. Defendant republished 121 Parker poems published in *Not Much Fun* as section of *Complete Poems* titled "Poems Uncollected By Parker." Plaintiff sued for copyright infringement, and both parties moved for summary judgment. Court held plaintiff owned valid copyright in compilation of uncollected poems, finding plaintiff's characterization of poems and verses as poems or verses, and attribution or non-attribution of works to Parker, reflect plaintiff's "subjective judgment." Plaintiff, court held, also used subjective judgment by including in book titled "Lost Poems" eighteen free-verse works, which court found "are not poems" as fact matter. Court also noted that plaintiff's decisions as to characterization as poems or verses, and attribution of several items to Parker, were different from those of prior Parker bibliographer. Court held further that fact that *Not Much Fun* "purports to be all the uncollected poems does not bar it from protection as determining what encompassed 'all' required choices and contemplation. It was not simply all the works of Ms. Parker regardless of type." Court held defendant's chronological arrangement of uncollected poems in *Complete Poems* was "strikingly similar" to plaintiff's arrangement, which, court noted, was "not simply chronological, alphabetical or in some other standard, predictable format." Court denied defendant's summary judgment motion, rejecting its arguments that plaintiff's research efforts are unprotectible "sweat of the brow"; that compilation of all uncollected Parker poems does not satisfy minimum constitutional standard for protectible selection; and that plaintiff is barred under doctrine of fact estoppel from claiming compilation copyright protection for collection

held out as comprising, factually, "all" uncollected poems of Parker. Case on appeal.

Sobhani v. @radical.media, Inc., No. CV 02-3594, 2003 U.S. Dist. LEXIS 2619 (C.D. Cal. Feb. 10, 2003)

District court granted summary judgment to defendant. Plaintiff, aspiring commercial director, produced five "spec commercials" to promote himself to potential employers. Commercials were styled similarly to existing Jack-in-the-Box restaurant ads, but contained new elements in that they spoofed motion picture *Cast Away*, portraying man resembling Tom Hanks character interacting with talking Jack-in-the-Box head "antenna ball" in place of mute Wilson volleyball featured in movie. Each of plaintiff's spec commercials included actual footage copied from previously-aired Jack-in-the-Box ads. Plaintiff sent his tape to defendant, where it was viewed by defendant's employees. Several months later, defendant produced commercial for Jack-in-the-Box that spoofed *Cast Away* similarly to plaintiff's videos. Plaintiff sued for infringement of copyright in spec commercials. Defendant argued spec commercials were unauthorized derivative works, and plaintiff accordingly could not sue for their infringement. Court agreed, finding spec commercials derivative of copyrighted Jack-in-the-Box ads, using copyrighted Jack-in-the-Box head character as well as actual footage. Court followed *Pickett v. Prince*, 207 F.3d 402 (7th Cir. 2000), to hold that, because previous work used without authorization pervaded entirety of derivative works, no copyright protection is afforded to any portion of derivative works. Court noted that, even if plaintiff were entitled to copyright in elements of videos beyond preexisting materials used unlawfully, what remains is "a largely unoriginal and elementary spoof," insufficient to allow plaintiff to prevail on his claims.

Am. Massage Therapy Ass'n v. Maxwell Petersen Assocs., Inc., 209 F. Supp. 2d 941 (N.D. Ill. 2002)

District Court granted defendant's motion for summary judgment, holding that defendant's copying of names and addresses from directory was not infringement. Professional association created member directory which listed members alphabetically by geographic region and included members' addresses. Names were also arranged by membership categories, depending on whether member was active, retired, auxiliary, associate, professional, school or honorary member. Association obtained copyright registration for directory in 1999. Defendant, which published magazine *Massage Today*, obtained copy of association directory and copied approximately 17,617 names and addresses onto its database as mailing list for magazine. In addition, defendant sold or rented names on database to third parties. Association sued publisher for infringement. Court ana-

lyzed association's copyright claim in context of *Feist Publications, Inc. v. Rural Telephone Service Co., Inc.*, 499 U.S. 340 (1991), to determine whether publisher copied original elements from association directory. Court found that selection of categories entailed sufficient creativity to be copyrightable. However, arrangement and coordination of names and addresses did not possess minimal creative spark; mere fact that other arrangements were possible did not elevate listing to level of creative. Since names and addresses themselves were facts, and not original, they could be copied at will.

B. Pictorial, Graphic and Sculptural Works

Collezione Europa U.S.A., Inc. v. Hillsdale House, Ltd., 243 F. Supp. 2d 444 (M.D.N.C. 2003)

Court found decorative sculptural element of furniture design copyrightable and infringed. Collezione instituted declaratory judgment action for determination that its marketing and sale of certain furniture items did not infringe any of Hillsdale's rights. Hillsdale filed counterclaim for copyright infringement. Parties were competing producers and sellers of furniture. Hillsdale developed line of furniture which incorporated variations of three leaf pattern into each piece, and registered copyright for specific three leaf sculptural portions of designs. Collezione, which freely acknowledged that it based its designs on works by others, designed line of furniture based on pieces purchased at third party showroom. Result was substantially similar to Hillsdale's line, including registered three leaf designs. As to validity of Hillsdale's copyrights, court found copyright registrations pertained just to three leaf designs and that those designs were sufficiently original, which was not rebutted by Collezione. Furthermore, applying test from *Pivot Point International v. Charlene Products*, 932 F. Supp. 220 (N.D. Ill. 1996), derived from Prof. Goldstein, court found that three leaf design was conceptually separable from furniture because furniture would be equally useful without sculpted design elements and because design was sufficiently "artful" to stand on its own as work of art. Court distinguished unpublished 1997 Fourth Circuit decision in *Magnussen Furniture v. Collezione Europa*, which found no conceptual separability in certain design aspects of tables, since *Magnussen* addressed claim of copyright in entire article of furniture, as opposed to present case which addressed only copyright in design of sculptural element. Court therefore granted Hillsdale's motion for summary judgment on its copyright infringement claim.

Cannon Group, Inc. v. Better Bags, Inc., 259 F. Supp. 2d 893 (E.D. Ohio 2003)

Court held realistic corn design on shopping bag was copyrightable. Plaintiff sued for declaratory judgment of non-infringement of defendant's grocery bag patents. Defendant counterclaimed for copyright infringement of various bag designs, including corn bag design. Plaintiff opposed motion arguing that copyrights in all designs were invalid. Court granted defendant's motion for partial summary judgment. As to corn bag design, plaintiff argued design was too realistic to enjoy protection. Court rejected argument, holding corn design itself possessed requisite amount of creativity. Court noted that bag featured text "Fresh Corn" in "fancy lettering," and stated that "[e]ven if the drawing of ears of corn itself were not eligible for copyright protection, the placement of the drawing in conjunction with the text would be eligible for copyright protection."

Celebration Int'l, Inc. v. Chosun Int'l, Inc., 234 F. Supp. 2d 905 (S.D. Ind. 2002)

While denying plaintiff's motion for preliminary injunction, court held tiger head of plaintiff's Halloween costume was copyrightable sculptural work because creative elements of head were separable from utilitarian aspects of larger costume. Plaintiff, which operated Halloween costume business, contracted with San Diego Zoo to make children's costumes based on zoo's animal catalog. Manufacturer employed by plaintiff learned of defendant's similar tiger costume at German toy fair and notified plaintiff. Concerning validity of plaintiff's claim of copyright in sculptural work, court observed limited scope of copyright in useful articles such as garments and costumes under "separability test," i.e., that copyright was limited to those separately identified features capable of existing independently of article's utilitarian aspects. Noting Seventh Circuit had not yet endorsed any of various separability tests, court followed *Pivot Point International v. Charlene Products, Inc.*, 170 F. Supp. 2d 828 (N.D. Ill. 2001), and applied bifurcated separability test that looks to both physical separability ("whether the feature to be copyrighted could be sliced off for separate display") and conceptual separability (whether feature in question could stand alone as work of art and whether useful article in which art was embodied was equally useful without it). On this basis, plaintiff's tiger head was physically and conceptually separable because garment portion of costume would still serve useful purpose by keeping wearer warm and because tiger head could stand alone as work of art.

C. *Originality of Authorship*

Sparaco v. Lawler, Matusky, Skelly, Eng'rs, LLP, 303 F.3d 460 (2d Cir. 2002), *cert. denied*, 123 S. Ct. 1632 (2003)

Second Circuit vacated judgment of district court to extent that it granted judgment for defendants relating to copying of site plan's specifications for site improvement. Plaintiff Albert Sparaco, Jr., land surveyor and planner, sued Lawler, Matusky & Skelly Engineers LLP ("LMS"), Thomas B. Vanderbeek, LMS's employee, Northern Metropolitan Foundation for Health Care, Inc. ("NMF") and others for copyright infringement, alleging unlawful copying of his site plan in creation by LMS and Vanderbeek of amended site plan for use in construction of NMF's assisted living facility. Second Circuit noted that Sparaco's site plan incorporated rendering of (1) existing physical characteristics of construction site (including boundaries, zoning districts, plot lines, public streets, utility lines, drains, hydrants, and sewers) and (2) proposed physical improvements to site (including building footprint, parking lots, curbs, driveways, walkways, and landscape design). Court held, with regard to (1), site plan set forth facts and was not copyrightable. With respect to (2), court distinguished *Attia v. Society of the New York Hospital*, 201 F.3d 50 (2d Cir. 1999), which held that architect's drawings for modernization and expansion of hospital's facilities incorporated only non-copyrightable "concepts and ideas." Court said that Sparaco's site plan was significantly different from Attia's drawings because site plan provided detailed specifications for preparation of site; while site plan included no architectural details and thus could not be used to construct building, it was fully-realized plan for its intended purpose (i.e., preparation of site), unlike drawings in *Attia*.

Satava v. Lowry, 323 F.3d 805 (9th Cir. 2003)

Ninth Circuit reversed grant of preliminary injunction, holding district court applied erroneous standard of originality. Plaintiff Richard Satava created and sold glass-in-glass jellyfish sculptures. Defendant Christopher Lowry created glass-in-glass jellyfish sculptures which looked very similar to Satava's. Lowry admitted that he had seen Satava's jellyfish sculptures in a magazine and had examined one of Satava's sculptures that was brought to him for repair. Satava sued Lowry for copyright infringement. District court granted preliminary injunction enjoining Lowry from making sculptures that resembled those of Satava. On appeal, Ninth Circuit reversed. Court, noting that ideas are not copyrightable, stated that no protection could be afforded to idea of producing glass-in-glass jellyfish sculpture or to elements of expression that follow from that idea. Therefore, Satava could not prevent others from copying aspects of sculpture related to jellyfish physiology or depiction of jellyfish in glass-in-glass me-

dium. Court acknowledged that combination of unprotectible elements may qualify for copyright protection if elements are numerous enough and selection and arrangement original enough that combination is original work. However, in present case, combination of unprotectible elements in sculpture did not meet standard because selection of clear glass, shape, colors, proportion, orientation and stereotypical jellyfish form together were too commonplace in glass-on-glass sculpture and too typical of jellyfish physiology to be sufficiently original. Court recognized that Satava had made certain contributions to sculptures, such as distinctive curls of certain tendrils, arrangement of certain hues and unique shape of jellyfishes' bells, which were original and copyrightable. However, protection was so thin as to protect against only virtually identical copying.

Southco, Inc. v. Kanebridge Corp., 324 F.3d 190 (3d Cir. 2003) (opinion withdrawn, *rehearing en banc granted*, 2003 U.S. App. LEXIS 9786 (3d Cir. Apr. 25, 2003))

Third Circuit reversed grant of summary judgment and remanded for consideration of new evidence bearing on originality. Southco filed complaint alleging competitor Kanebridge infringed Southco's copyright in product numbers used to describe Southco's captive screw fasteners by publishing numbers in advertisements and other publications. District court granted preliminary injunction, which Third Circuit panel ("*Southco I*") reversed, holding that Southco had not shown likelihood of success on merits because product numbers were not original but were mechanically dictated by numbering system. On remand, district court, believing itself bound by *Southco I* decision as to originality, granted Kanebridge's motion for summary judgment despite Southco's submission of declaration from creator of numbering system asserting that numbers were not dictated by system but involved creativity and choice. On appeal of summary judgment, Third Circuit reversed district court and remanded case for consideration of declaration. Since prior appeal addressed only preliminary injunction and Southco's probability of success, and not merits of Southco's claim, district court should consider declaration, which was new evidence raising genuine issue of fact as to originality of numbers.

Tufenkian Import/Export Ventures, Inc. v. Einstein Moomjy, Inc., 237 F. Supp. 2d 376 (S.D.N.Y. 2002)

Court granted defendant's motion for summary judgment. Plaintiff sued alleging defendant's "Bromley 514" rug infringed its "Floral Heriz" rug design. Prima facie evidence of work's originality provided by plaintiff's copyright certificate was rebutted by evidence that plaintiff's rug design was derivative work, and plaintiff failed to disclose it as such. Defendant showed plaintiff incorporated significant portions of public domain rugs,

and that those elements formed "predominant total concept and feel" of plaintiff's rug. Burden accordingly shifted to plaintiff to demonstrate its design was copyrightable. To determine whether derivative work contains sufficient originality to confer protection, courts should not ask whether there is substantial similarity between original and derivative works but rather, whether derivative work has been independently created and contains "more than a modicum" of originality. Although protection awarded plaintiff's derivative work was "thin, due to the very substantial incorporation of public domain elements" it was entitled to protection for non-trivial adaptation of certain elements from public domain rugs, and for placement, ordering and combination of new design. Court found, however, that rugs were substantially similar only with respect to common public domain sources, and granted summary judgment to defendant.

Willard v. Estern, 206 F. Supp. 2d 723 (D.V.I. 2002)

District court denied defendants' motion to dismiss plaintiff's copyright infringement claim. Plaintiff's work consisted of design that used "Caneel" petroglyph symbol as middle two zeros in calendar year 2000. Defendants produced calendar for 2002 using petroglyph as middle zeros in year. Defendants moved to dismiss on grounds that plaintiff did not sufficiently plead infringement claim and that plaintiff's mere combination of "two works that are in the public domain, namely a calendar date and a petroglyph," was not sufficiently original to warrant copyright protection. Applying low standard for originality, court rejected lack of originality argument, finding that since "plaintiff considered and ultimately decided to combine the calendar date and the petroglyph, it appears that she had the requisite originality to create a copyrightable work." In addition, court found that plaintiff sufficiently pled access, since work was displayed on clothing and in newspapers, and that ordinary observer could reasonably find substantial similarity since both works utilized combination of calendar year and petroglyph.

D. Miscellaneous

Merkos L' Inyonei Chinuch, Inc. v. Otsar Shifrei Lubavitch, Inc., 312 F.3d 94 (2d Cir. 2002)

Second Circuit affirmed grant of preliminary injunction against infringing translation of traditional Hebrew prayer book *Siddur Tehillat Hashem*. Defendant claimed that plaintiff's translation was "blessed" or "authorized" by now-deceased Lubavitcher Rebbe, Menachem Schneerson, and thus could not be altered or deviated from without jeopardizing spiritual efficacy of prayers. Court acknowledged that Rebbe's endorsement made work "particularly attractive to Lubavitch Jews," but record did not sup-

port claim that other translations are unusable within Lubavitch community. Because defendant conceded that it published its *Siddur* in part to combat use of non-Lubavitch translations by Lubavitch congregations, court found no merger or functional constraint sufficient to negate validity of plaintiff's copyright.

John G. Danielson, Inc. v. Winchester-Conant Props., Inc., 322 F.3d 26 (1st Cir. 2003)

First Circuit upheld grant of summary judgment for plaintiff architectural firm, holding that architectural drawings included in restrictive covenant in development plans do not become public domain "laws" by virtue of town approval. Plaintiff created drawings for building project, zoning of which was approved by town on condition that any development be in accordance with such drawings. Project was then abandoned until years later when defendant, new developer, acquired site in foreclosure sale. After failing to secure revised zoning restrictions, defendant proceeded in accordance with original plans designed by plaintiff. Defendant removed plaintiff's logos from drawings, produced similar plans and used simplified plan drawings in its site brochure and on signs. Court rejected defendant's contention that restrictive covenant entered into by town and previous owner of land, which specifically incorporated by reference plaintiff's drawings, made such drawings uncopyrightable. Court reasoned that drawings did not become public domain because restrictive covenant was not generally applicable law, but rather had "hallmarks of a private contract" between town and owner of land.

Veeck v. Southern Bldg. Code Cong. Int'l, Inc., 293 F.3d 791 (5th Cir. 2002)

Court of Appeals, in rehearing *en banc*, reversed decision of district court granting summary judgment for defendant-appellee ("SBCCI"). District court had held that plaintiff-appellant infringed SBCCI's 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 Web sites providing information on building codes. Plaintiff attempted to inspect copies of building code for several small Texas towns which had adopted SBCCI's model code, but was not able to easily locate relevant codes. Instead, plaintiff ordered model building codes on disk published by SBCCI and posted text of codes on his Web site, despite copyright notice on software indicating codes could not be copied and distributed. Plaintiff identified codes as building codes of specific Texas towns, not as SBCCI's model code. 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, and decision was affirmed by Court of Appeals, 241 F.3d 398 (5th Cir. 2001) (*see Copyright Review* 2001, 48 J. Copr. Soc'y 538, 581 (2001)). Majority opinion for Court of Appeals *en banc* reversed decision of district court to hold that, since law is in public domain and not subject to copyright protection, based on historical Supreme Court precedent, once SBCCI's model codes were enacted into law, codes could be reproduced and distributed as "law" of relevant jurisdiction. So when plaintiff copied only law of municipalities as obtained through SBCCI's model codes, he did not infringe SBCCI's copyright. Furthermore, under merger doctrine, once model codes were enacted, model codes were facts and sole way to express "idea" that constituted local law. Court rejected SBCCI's argument that without complete copyright protection for model codes, SBCCI would lose revenue necessary to continue drafting model codes. Petition for cert. was filed September 4, 2002.

III. OWNERSHIP

A. Works Made for Hire

Merkos L' Inyonei Chinuch, Inc. v. Otsar Shifrei Lubavitch, Inc., 312 F.3d 94 (2d Cir. 2002)

Second Circuit affirmed grant of preliminary injunction against infringing translation of traditional Hebrew prayer book, *Siddur Tehillat Hashem*. Defendant challenged plaintiff's asserted ownership under work-for-hire doctrine, because work was published after 1978 and translator's W-2 forms were issued by entity other than plaintiff. Accordingly, defendant claimed that translator was not plaintiff's "employee" under 1976 Act. Second Circuit noted, however, that more employer-friendly 1909 Act might apply because "the relevant contract was entered into prior to January 1, 1978," citing *Roth v. Pritikin*, 710 F.2d 934 (2d Cir. 1983). Ownership question was "potentially close," but Second Circuit agreed with court below that plaintiff had made sufficient showing to support grant of preliminary injunction.

Ward v. Nat'l Geographic Soc'y, 208 F. Supp. 2d 429 (S.D.N.Y. 2002)

Defendant's motion for summary judgment denied in part and granted in part. Defendant National Geographic Society ("NGS") produced and marketed CD-ROM/DVD product that digitally reproduced all issues of National Geographic Magazine ("Magazine"). Ward, freelance photogra-

pher and writer, claimed product violated his copyright in photos and text that appeared in original Magazine issues. NGS brought motion for partial summary judgment dismissing Ward's complaint with respect to ten works that appeared in Magazine before 1978, arguing pre-1978 works were works for hire. Under 1909 Act, independent contractor was "employee" if work made at hiring party's "instance and expense" and employer had control over manner of execution of work. Presumption could be overcome upon showing of contrary written or oral agreement. Court found NGS established "instance and expense" for all works but one, and Ward failed to contradict that he created works at NGS' instigation and was paid by NGS for works. Court also found no issue of fact regarding NGS' right to control Ward's performance of work. NGS had power to choose which photos would be used, which text would be accepted or rejected, and how text would be edited. Lack of direct supervision during actual creation of work was immaterial if hiring party took initiative to retain independent contractor and controlled work. Ward argued he and NGS had understanding, based on industry custom, that constituted implied-in-fact agreement confirming his copyright ownership. Court found, based on evidence of industry custom and NGS' awareness of such custom, that there was issue of fact regarding existence of such agreement for eight works. For one work, express agreement stating NGS would retain all rights to published photos superseded alleged implied-in-fact agreement. Copyright infringement claim was therefore dismissed with respect to that work.

Foraste v. Brown Univ., 248 F. Supp. 2d 71 (D.R.I. 2003)

Court granted defendants' motion for partial summary judgment in dispute over ownership of copyright in photos of Brown University campus. It was undisputed by parties that plaintiff had been employed by Brown as photographer. Defendants contended that photographs produced by plaintiff were works made for hire. Plaintiff contended that "Policies and Procedures Relating to Copyright" ("Policy") adopted by Brown and incorporated in various "Faculty Rules and Regulations" handbooks constituted express, written agreement that altered presumption of employer ownership of copyright. Court held that § 201(b) of Copyright Act is clear that express agreement memorialized in writing signed by parties is necessary to alter presumption of employer ownership of copyright under work-for-hire doctrine. Because plaintiff did not contend that he signed any version of Policy, court granted partial summary judgment to defendants.

Alcatel USA, Inc. v. Cisco Sys., Inc., 239 F. Supp. 2d 645 (E.D. Tex. 2002)

Defendant's renewed motion for partial summary judgment granted. Alcatel sued Cisco for infringement of copyright in various computer programs. After case was filed in 2000, Cisco moved for summary judgment on ground that Marian Trnkus, author of programs, was independent contractor rather than Alcatel employee when he created programs in 1995. Court denied Cisco's motion, finding genuine issues of material fact based on early summary judgment record. Cisco renewed motion after close of discovery. Court found Trnkus was independent contractor when he created copyrighted programs. There was insufficient evidence to show that Trnkus's creation of programs was subject to right of control by Alcatel. Even if Alcatel had some right to control Trnkus's development of programs, that factor did not convert Trnkus into employee, nor was it necessarily inconsistent with independent contractor status. Although Alcatel "may have enjoyed a vague right to assign projects related" to development of programs, any significance of factor was undermined by fact that Alcatel treated other independent contractors similarly. Court also rejected theory that contract between Prism, entity that first hired Trnkus, and Alcatel assigned ownership of Trnkus's copyrights to Alcatel, as contract had terminated prior to date Trnkus began with Alcatel as independent contractor.

Positive Black Talk, Inc. v. Cash Money Records, Inc., 66 U.S.P.Q.2d 1468 (E.D. La. 2003)

District court denied defendant's motion for summary judgment based upon plaintiff's alleged lack of ownership of copyright to lyrics and music of "Back That Ass Up." Artist DJ Jubilee had initially registered copyrights in his name for both lyrics and music of song, which was released on plaintiff's label under agreement which transferred ownership to label. Plaintiff, Positive Black Talk ("PBT"), later contended that song lyrics were work for hire, and sent Form CA to Copyright Office to "correct" "mistaken" name of author on registration for lyrics. On same date, PBT filed suit alleging copyright infringement against defendant for similar song "Back that Azz Up." Copyright Office issued supplementary certificate of registration showing PBT as owner of copyright for lyrics. After defendant's summary judgment motion was filed, PBT also filed Forms CA to obtain registration for music and sound recording of "Back That Ass Up." Though artist made conflicting statements in affidavit and deposition testimony regarding proper ownership of copyrights in music and lyrics to work, court held that because Copyright Office had issued certificate of registration to PBT with regard to lyrics and PBT had filed forms with Copyright Office to obtain registration for music, there was enough

evidence supporting its ownership of copyrights to both lyrics and music of work to survive summary judgment.

Cannon Group, Inc. v. Better Bags, Inc., 250 F. Supp. 2d 893 (E.D. Ohio 2003)

Court held work created by employee outside scope of employment was not work made for hire. Plaintiff sued for declaratory judgment of non-infringement of defendant's grocery bag patents. Defendant counter-claimed for copyright infringement of various bag designs, including fish bag design. Plaintiff opposed motion arguing that copyrights in each design were invalid. Court granted defendant's motion for partial summary judgment. As to fish bag design, plaintiff argued that because work had been created by employee of American Tissue, not defendant Better Bags, fish design belonged to American Tissue as work for hire notwithstanding designer's assignment to Better Bags. Court held that design was not work for hire for American Tissue because creator developed design on his own time, in his own home, with his own materials, and received payment directly from Better Bags.

B. Transfer of Ownership

Liu v. Price Waterhouse, LLP, 302 F.3d 749 (7th Cir. 2002)

Because trial jury concluded that unsigned June 1995 agreement was intended to give defendant employer initial ownership of copyright in software created by outside contractors, Seventh Circuit affirmed district court ruling to that effect, notwithstanding absence of contractors' signature required by § 204. Holding that defendant owned exclusive right to prepare derivative works based upon its software program, and thus § 204 did not apply, court affirmed district court finding that plaintiff infringed defendant's copyrights by asserting ownership interest in derivative programs. Acting as intermediary with third party programmers, defendant's employee Yang engaged programmers to increase speed of defendant's existing computer subprogram. Before proceeding further, Yang and defendant entered into 1995 letter agreement that provided for incentive bonuses to Yang if speed increase targets were met. Agreement was ambiguous as to copyright ownership, was signed only by defendant, and was never seen by third parties who actually created derivative work. After new subprogram was created, Yang refused to provide defendant with source code of new program until defendant first paid Yang agreed-upon incentive bonus and, further, provided guarantee as to future employment. After defendant refused Yang's demands, third party programmers asserted copyright interest in new subprogram, which they then assigned to plaintiff, Yang's daughter. After defendant's successor-in-interest began

to sell tax preparation software with new subprogram, plaintiff filed suit for copyright infringement of new subprogram. Defendant and its successor-in-interest brought counterclaim for copyright infringement against plaintiff for registering copyright in her name, and against Yang for contributory infringement. District court jury found 1995 letter agreement between employee and defendant, while ambiguous, intended derivative subprograms to become property of defendant, and that Yang was consequently obligated to use best efforts to protect defendant's copyright interest. Jury awarded defendants equivalent amounts of $200 pertaining to Yang's and plaintiff's infringement. On appeal, plaintiff argued district court erred in denying motion for judgment as matter of law or for new trial because third party programmers were exclusive owner of new subprogram and related copyright, thereby invalidating any effort of June 1995 agreement to effect different result. Plaintiff contended only third party programmers could execute written document assigning ownership of their derivative work. Seventh Circuit held plaintiff's reasoning was flawed because defendant owned exclusive right to prepare derivative works based upon its original subprogram. Court held plaintiff's effort to obtain copyright protection in resulting derivative work was beyond scope of June 1995 agreement. Consequently, Seventh Circuit affirmed district court finding of copyright infringement by plaintiff and Yang, and denied appeal. Seventh Circuit also rejected appeal pertaining to plaintiff's assertion that district court abused discretion when it allowed expert testimony concerning amount of damages resulting from defendant's alleged copyright infringement. Because jury found no such liability, Seventh Circuit held testimony had no influence upon jury's verdict. Petition for certiorari filed February 14, 2003.

C. *Joint Works and Co-Ownership*

C&C Entm't, Inc. v. Rios-Sanchez, 208 F. Supp. 2d 139 (D.P.R. 2002)

District court granted defendants' motions for summary judgment, holding work at issue was joint work. Plaintiff wrote lyrics to song "Nuestro Amor es Veneno," and gave them to defendant composer to compose music and arrange song as *bachata* (Latin dance song). Defendant composed music for song and obtained copyright registration which listed him as author of work. Plaintiff also obtained copyright in song separately. Song was recorded and CD album was distributed for sale. Plaintiff alleged defendant's claim of ownership of work was false, and copyright registration fraudulently obtained, and that defendant composer, music publisher and CD manufacturer acted in concert to avoid paying plaintiff royalties. Defendants argued song was joint work. Court held that although plaintiff and composer created words and music separately, parties intended words

and music to be "enjoyed and performed together." Therefore, court concluded that "Nuestro Amor es Veneno" was joint work, and defendants' use of work was not infringement. Plaintiff's remedy, if any, lay in state law contract claim for royalties.

D. Contracts and Licenses

United States v. Broad. Music, Inc., 65 U.S.P.Q.2d 1461 (2d Cir. 2003)

Broadcast Music, Inc ("BMI") is not-for-profit organization which represents owners of copyrighted music and licenses public performances and broadcasts of music recordings. BMI's licensing activities are governed by consent decree ("Consent Decree") entered in 1941 antitrust litigation and amended in 1966 and 1994. Under Consent Decree, district court sets license rates when BMI and its potential customers cannot agree. Functioning as rate-setting court, district court set rate to be paid to Music Choice, partnership of online, cable and satellite service and content providers, for distribution of music over cable and satellite television, and through Website. District court rejected BMI's proposed blanket license fee of 3.75% of Music Choice's wholesale revenues derived from its distribution to cable and satellite operators, even though competitor of Music Choice had negotiated agreement with BMI along such terms, and instead fixed rate at 1.75% of Music Choice's wholesale revenues (approximately half of rate under previous contract between BMI and Music Choice). District court reasoned that (1) price paid for music by retail customers did not reflect fair market value of music, as required under Consent Decree, because it also covered cost of materials and services not provided by music authors but necessary to transmit and deliver music to subscribers, and (2) "the true value of music" is expressed by price at which it is sold to cable and satellite operators. District court also reasoned that distribution of music over cable and satellite television was analogous to Internet distribution, about which parties were in agreement that 1.75% rate was appropriate. Second Circuit (Leval, J.) vacated district court order based on fundamental flaw in district court's reasoning with respect to calculation of market value. Second Circuit reasoned that price paid by retail customers to receive recorded music is "excellent indicator" of its fair market value, absent factors suggesting that different measure should be used. Drawing analogy to sales of compact discs, court concluded that selling music at retail involved expenses not attributable to music itself, which explains why appropriate royalty for copyright owners is small percentage of fair market value of music, but does not support district court's flawed conclusion that retail sales revenues necessarily exceeded fair market value of music.

Random House, Inc. v. Rosetta Books, LLC, 283 F.3d 490 (2d Cir. 2002)

Second Circuit, per curiam, affirmed district court denial of plaintiff's motion for preliminary injunction. Plaintiff sought to enjoin defendant from continuing to sell as "ebooks" certain novels whose authors had granted plaintiff or its predecessor exclusive right to publish, print, and sell works "in book form." District court did not abuse its discretion in concluding plaintiff had not established likelihood of success on merits, court held. Court acknowledged "there is some appeal" to argument that ebook is simply "form" of book, and therefore within coverage of licenses. However, court noted, New York law has arguably adopted restrictive view of kinds of "new uses" to which exclusive license may apply when contracting parties do not expressly provide for coverage of such future forms. Determining whether licenses extend to ebooks depends on fact-finding regarding, inter alia, "evolving" technical processes and uses of ebooks, and reasonable expectations of contracting parties under customs, practices, usages and terminology of trade at time of contracting. Without benefit of full record to be developed over course of litigation, appeals court could not say district court abused discretion in preliminary resolution of questions. Court also noted that "balance of hardships tips, if anything, in [Rosetta's] favor." As district court found, Rosetta's reasonable concern that proposed preliminary injunction will put it out of business outweighed plaintiff's fears about harm to its goodwill if Rosetta were allowed to proceed with sale of ebooks, since Random House, if it ultimately prevails on merits, can recover money damages for any lost sales.

Specht v. Netscape Communications Corp., 306 F.3d 17 (2d Cir. 2002)

Second Circuit affirmed denial of motion to compel arbitration proceedings and stay court proceedings. Plaintiff brought class action on behalf of Internet users, alleging defendants' "SmartDownload" plug-in software program, made available on defendants' Web site for free download, invaded their privacy and violated Electronic Communications Privacy Act and Computer Fraud and Abuse Act. Defendants sought to compel arbitration of action pursuant to arbitration clause contained in software licensing agreements, which plaintiffs allegedly accepted when they downloaded program. License agreements were located on "submerged" screen, located below download button, that user would have had to scroll to in order to read full agreement and arbitration clause. Court determined that reasonably prudent Internet user would not have known or learned of existence of license terms before responding to defendants' invitation to download free software. Defendants, therefore, did not provide reasonable notice of terms, and plaintiffs' "bare act" of downloading

software did not unambiguously manifest assent to license terms, including arbitration provision.

Morris v. Castle Rock Entm't, Inc., 246 F. Supp. 2d 290 (S.D.N.Y. 2003)

Court granted defendants' motion to dismiss, finding that plaintiffs failed to show ownership of valid copyright in allegedly infringed screenplay. Plaintiffs, individual writer and production company, drafted screenplay in 1980 about "a widowed president raising his young daughter and attempting to begin a new romance." Screenplay was work made for hire for plaintiff production company. Plaintiff employer entered into subsequent contract with Walt Disney, which granted Disney "all [rights] now or hereafter existing" as well as "the complete, unrestricted, unconditional and unencumbered title in and to said work." Contract further required compensation to plaintiffs, even if "another writer is later assigned to write literary material based on [plaintiffs' work and] the Writers Guild of America determines that [plaintiffs are] to share writing credit . . . with such other person." In 1992, shortly after defendant Castle Rock began production of similar movie called *The American President* (screenplay for which was written by Aaron Sorkin), Disney sold contract to Castle Rock. Plaintiffs asserted that defendant's failure to compensate them in accordance with contract constituted breach, entitling them to "reclaim their copyright." Court disagreed, finding that breach of contract does not entitle plaintiffs to "reclaim" copyright; Disney's sale of contract to Castle Rock for purpose of preempting possible infringement claim for distribution of *The American President* was not unconscionable act; and Writers Guild of America arbitration panel had already concluded, over plaintiffs' protest, that Aaron Sorkin deserved sole credit for movie.

Ward v. Nat'l Geographic Soc'y, 208 F. Supp. 2d 429 (S.D.N.Y. 2002)

Defendant's motion for summary judgment on ground of license denied. Defendant National Geographic Society ("NGS") produced and marketed CD-ROM/DVD product that digitally reproduced all issues of *National Geographic Magazine* ("Magazine"). Ward, freelance photographer and writer, claimed product violated his copyright in photos and text that appeared in original Magazine issues. NGS brought motion for partial summary judgment dismissing Ward's complaint with respect to ten works that appeared in Magazine before 1978 arguing, inter alia, that even if works were not works for hire, Ward granted NGS licenses extending to creation and distribution of CD-ROM/DVD product. NGS argued Ward granted NGS license to publish his work in Magazine, and CD-ROM/DVD product was within scope of license since it contained exact replica of Maga-

zine. Court rejected argument because under 1909 Act NGS did not have right to sublicense any rights it received under license from Ward. Since NGS licensed rights to reproduce Magazine to affiliate who licensed company to create product, sublicense was created. Court held NGS could not claim it only licensed rights to collective work while claiming it had license for Ward's individual contributions.

Furry Records, Inc. v. Realnetworks, Inc., 64 U.S.P.Q.2d 1382 (S.D.N.Y. 2002)

District court granted defendants' motion for summary judgment dismissing infringement claim brought by musical artist who performed under name Sam LaHanna. Plaintiff had licensed music promotion company The Orchard to "sell, distribute and otherwise exploit" her musical recordings and to exploit her "digital storage, download and transmission rights, whether now known or existing in the future." Plaintiff alleged that The Orchard infringed copyrights by encoding recordings into MP3 format since license did not expressly provide for "copying" of works. Court found encoding of works to be within scope of defendant's "open-ended right under the contract to 'otherwise exploit'" recordings and also within license's grant of right to exercise "storage, download and transmission rights."

Adobe Sys., Inc. v. Stargate Software, Inc., 216 F. Supp. 2d 1051 (N.D. Cal. 2002)

District court granted summary judgment to plaintiff in case involving software products including Adobe Illustrator, Pagemaker and Acrobat. Adobe created "educational" versions of software, which it distributed at discount prices to distributors and original equipment manufacturers subject to "Off or On Campus Educational Reseller Agreement" (OCRA). OCRA limited redistribution to students and educators, who received software subject to shrink-wrap End User License Agreement (EULA). Defendants, who were not authorized dealers of plaintiff's software, acquired copies which they distributed at below-market prices to retail customers and unauthorized resellers. Adobe alleged defendants violated § 106(3) distribution right by selling copies of educational versions of software without authorization. Defendants argued they owned software and were permitted, under first sale doctrine, to resell it without restriction. Court found EULA expressly limited transaction with end user to license rather than sale. OCRA, court found, "contain[ed] numerous restrictions on title . . . imposed on the reseller" and incorporated EULA by reference. Citing its own prior decision in *Adobe Systems, Inc. v. One Stop Micro*, 84 F. Supp. 2d 1086 (N.D. Cal. 2000), court noted "[i]t would be incongruous to conclude that educational resellers are owners of the

Adobe educational versions, while the end users who the resellers distribute to are granted a mere license." Transaction was thus license rather than sale of copies, and first sale doctrine inapplicable. Adobe's motion for summary judgment of copyright infringement granted.

Landsted Homes, Inc. v. Sherman, No. CV 02-0007 (D. Wis. 2002) (slip op.)

Court denied plaintiff's motion for partial summary judgment, finding question of fact as to whether defendant received oral permission to copy plaintiff's model home design. Plaintiff developer obtained copyright for its "Liberty" model home design. Each page of design plan included statement "No reproductions allowed without written permission." Plaintiff's subcontractor obtained copy of design and showed it to defendants, who constructed home based on "Liberty" model. Plaintiff brought copyright infringement claim against defendant homeowners and draftsperson, requesting partial summary judgment on basis that defendants failed to receive permission (written or otherwise) from plaintiff before copying "Liberty" home design. Defendants contended that oral permission was given by plaintiff's former design director. Court acknowledged that "transfers of copyright" must be in writing pursuant to 17 U.S.C. § 204(a). However, defendant's rebuttal amounted to claim of nonexclusive license, for which no writing is required. Thus, issue of whether plaintiff's former employee gave oral permission remained question of fact and precluded summary judgment in favor of plaintiff.

Greenfield v. Philles Records, Inc., 780 N.E.2d 166 (N.Y. 2002)

New York Court of Appeals reversed and remanded $3 million damages award to musical group under 1963 music publishing contract. Plaintiffs, former members of singing group "The Ronettes," sued former record company for breach of five-year exclusive contract which gave defendants ownership rights to master recordings. The Ronettes disbanded in 1967, and defendant Philles Records went out of business. Defendants continued to license plaintiffs' music recordings, however, and plaintiffs initiated suit in 1987, alleging 1963 contract did not give defendants right to license master recordings for film synchronization and domestic redistribution. Trial court found contract did not grant synchronization and domestic distribution licenses, and awarded $3 million in damages and interest to plaintiffs, and appellate court affirmed. Plaintiffs conceded that defendants own master recordings, but argued that contract did not give defendants right to exploit recordings in new markets or media. Court of Appeals found contract silent as to issue of new recording technology and third party licensing, but complete and unambiguous. Where, as here, grantor transfers all ownership rights, reservation of rights must be explic-

itly stated. Court of Appeals remanded case to trial court for recalculation of plaintiffs' damages for royalties.

E. Miscellaneous

Mulcahy v. Cheetah Learning, LLC, 62 U.S.P.Q.2d 1840 (D. Minn. 2002)

Court granted in part plaintiff's motion for preliminary injunction in infringement case involving test preparation materials. Plaintiff's and defendant's companies created test preparation materials and offered courses for management professionals planning to take standardized exam. Plaintiff claimed defendants' preparatory materials infringed her copyright, and moved for preliminary injunction. Defendants argued plaintiff's copyright was invalid because plaintiff did not obtain permission from copyright owner of alleged original work, book of industry standards upon which standardized test is based, to create her derivative work. Court denied defendants' argument, which it interpreted as improper attempt to shift burden of proving copyright validity back to plaintiff. Rebuttable presumption from certificate of copyright carried day for plaintiff. Defendant presented no evidence that plaintiff's work was derivative and that she lacked authorization. Court found sufficient evidence of copying for preliminary injunction due to admission by defendants that copying may have occurred, and likely existence of circumstantial evidence showing copying, given defendants' concession of access and substantial similarities between works. Court temporarily enjoined defendants from using or selling complained-of materials, but permitted defendants to continue using other course materials.

IV. FORMALITIES

A. Notice and Publication

John G. Danielson, Inc. v. Winchester-Conant Props., Inc., 322 F.3d 26 (1st Cir. 2003)

Appellate court upheld district court's grant of summary judgment for architectural firm, agreeing that display of architectural drawings during efforts to organize and secure zoning of new housing project in 1980s did not constitute divestive "publication" under Copyright Act. Plaintiff architectural firm created drawings for building project on specific site. In 1987, drawings were displayed at town meeting to secure zoning approval, but did not bear statutory copyright notice, as Act required prior to 1989. Town approved zoning and required that any development on site be in accordance with plaintiff's drawings. Due to financial difficulties project was abandoned and lay dormant until 1994. In 1994, defendant, new developer, acquired site and proceeded in accordance with plans designed by

plaintiff. Defendant removed plaintiff's logos from drawings, produced similar plans, and used simplified plan drawings in its site brochure and on signs. District court granted summary judgment for plaintiff, dismissing defendant's argument that lack of required notice on drawings caused forfeiture of copyright protection. District court reasoned that limited display was excused by "limited publication" doctrine and therefore was not "publication" necessary to trigger notice requirement. Court of Appeals disagreed with district court's reasoning, stating that because drawings had been shown to general public at televised town meeting, publication was too broad to qualify for limited publication exception. However, First Circuit affirmed holding on ground that no members of public acquired any possessory interest in tangible copy of drawings, and thus display of drawings did not constitute "publication" as used in Act.

Shea v. Fantasy, Inc., 66 U.S.P.Q. 2d 1313 (N.D. Cal. 2003)

District court granted defendant's motion for summary judgment, finding 1966 Lenny Bruce photograph was in public domain for lack of proper notice. Plaintiff Edmund Shea alleged infringement of photograph he took of comedian Lenny Bruce. Defendant Fantasy, Inc. used photograph from 1971 to 1991 in liner notes to Bruce comedy album. After court rejected defendant's 12(b)(6) motion alleging that work was in public domain, plaintiff filed motion for summary judgment. To determine whether photograph was in public domain, court looked to 1909 Act because photograph was created in 1966, and distributed by defendant between 1971 and 1978. Court held that photograph was in public domain because it was published without proper notice required by 1909 Act. Plaintiff argued that no "publication" had taken place, since initial publication of photo in 1971 was unauthorized. Court, however, noted that plaintiff had struck agreement in 1972 whereby defendant could continue distributing photo, rendering publication authorized.

Bantley v. Northwood Sch. of Taxidermy, Inc., No. 00-236J (W.D. Pa. Nov. 7, 2002) (slip op.)

District Court denied defendant's motion for summary judgment, concluding that taxidermy manual at issue did not enter public domain by reason of general publication without notice. Plaintiff owner of taxidermy school developed manual which was distributed to its students. Defendant school, founded by former instructor of plaintiff's school, developed similar taxidermy manual. Plaintiff alleged that defendant's manual was verbatim copy of his manual. Defendant argued that manual was in public domain, because plaintiff failed to place copyright notice on copies before generally distributing them to students prior to March 1, 1989, and did not timely cure as required by Act. Court held no general publication oc-

curred because work was not made public without restrictions as to identity of recipients or permissible uses of work. In this case, plaintiff distributed manual to 106 students over course of nine years, and did not offer manual for sale to general public. Students were told that manual could not be reproduced or distributed for sale. Moreover, students were required to sign enrollment form which notified them that trade secrets would be disclosed during course. Therefore, court held that there was no general publication of plaintiff's manual.

B. Registration

Xoom, Inc. v. Imageline, Inc., 323 F.3d 279 (4th Cir. 2003)

Fourth Circuit affirmed district court's holding that defendant's registrations for software packages containing electronic clip-art did not extend to protection for code used to generate individual clip-art images. Defendant created two bundles of electronic clip-art packages known as "SuperBundle," comprising 1,580 clip-art images, and "Master Gallery," comprising 9,618 clip-art images. Defendant registered SuperBundle and Master Gallery as compilation or derivative works, submitting to Copyright Office "art, text and packing design for CD-ROM and diskette media," together with printed images and electronic copies of underlying individual clip-art images. Defendant did not include service code as part of registration. In bringing counterclaim alleging copyright infringement, defendant argued that registrations also covered underlying code used to create clip-art images, notwithstanding lack of deposit of code. Defendant argued, because images "are created using commercially available" graphic-imaging software owned by third parties, defendant "could not, and was not required to, deposit the source code because it does not own copyright in the programs used to create the source code." Court noted that Copyright Office circular does indeed waive requirement for deposit of source code if source code contains "copyrightable authorship." However, waiver requires an applicant to "state in writing that the work as deposited in object code contains copyrightable ownership." Since defendant failed to follow this procedure, it could not rely on SuperBundle and Master Gallery registrations to assert infringement of underlying source code.

Faulkner v. Nat'l Geographic Soc'y, 211 F. Supp. 2d 450 (S.D.N.Y. 2002)

Court granted partial summary judgment dismissing infringement claims with respect to magazine articles initially published prior to 1964 and not renewed. Plaintiffs were freelance writers and photographers whose works were published in various issues of *National Geographic Magazine*. Defendant National Geographic Society ("NGS") licensed use of works

for various multimedia products including *The Complete National Geographic*, CD-ROM compendium of all past *National Geographic* issues. Plaintiffs sued for copyright infringement, contending republication of works in electronic format was beyond scope of rights originally granted. Defendants argued they were entitled to summary judgment dismissing claims relating to stories of plaintiff Arthur Allen published before 1964. Court applied "undeniably strict" rule of 1909 Copyright Act for such works, under which failure to make renewal application during initial twenty-eight-year copyright term resulted in work entering public domain. Plaintiffs contended NGS's renewal of copyrights in magazine issues saved Allen stories published therein from public domain, citing *Goodis v. United Artists Television, Inc.*, 425 F.2d 397 (2d Cir. 1970). Court disagreed, citing line of cases for proposition that renewal registration by wrong party is void, and subsequent ratification by party entitled to renew cannot revive it. *Goodis*, court said, concerned "hazards facing an unwary author who had to depend on the actions of others — namely publication with proper notice — in order to obtain copyright protection." Logic of *Goodis* did not apply to plaintiffs' failure to obtain renewal registration. Plaintiffs needed no one but themselves to file renewal claim, and thus "faced no trap for the unwary — they simply failed to take even the most basic steps to protect the text and photographs for which they now claim to own the copyrights." Therefore, to extent plaintiffs asserted they owned copyrights in Allen stories, NGS's renewal registration was not sufficient to keep works from entering public domain; to extent plaintiffs admitted NGS was entitled to renewal registration for works by virtue of copyright ownership, plaintiffs had no claim for copyright infringement. "Either way, defendants are entitled to summary judgment dismissing [the] infringement claim regarding the . . . stories published before 1964."

Thron v. HarperCollins Publishers, Inc., 64 U.S.P.Q.2d 1221 (S.D.N.Y. 2002)

Defendants' motion for summary judgment granted and photographer's motion for summary judgment denied where photographs not properly registered. Plaintiff sued defendant book publishers for copyright infringement stemming from alleged misappropriation of two of his copyrighted photographs for use in book entitled *The Legacy of Luna*. Court noted that, generally, in order to bring copyright infringement claim, plaintiff must show valid and proper copyright registration. Court held that plaintiff did not have valid and proper registration here because registration upon which he relied sought to register fifty-seven photographs (including two that were allegedly infringed) contained in book entitled *From the Redwood Forest* that was written and separately copyrighted by another at time that relevant regulations permitting group registration of

photographs had not gone into effect (i.e., before August 16, 2001). Moreover, plaintiff's purported registration could not be construed as registration of "compilation" consisting of his fifty-seven photos plus book text because he left blank on application form section entitled "Derivative Work or Compilation." Furthermore, plaintiff did not assert in complaint or in his deposition or in other discovery that his copyright derived from compilation.

Ward v. Nat'l Geographic Soc'y, 208 F. Supp. 2d 429 (S.D.N.Y. 2002)

Defendant's motion for summary judgment on ground Copyright Office refused registration denied. Defendant National Geographic Society ("NGS") produced and marketed CD-ROM/DVD product that digitally reproduced all issues of *National Geographic Magazine* ("Magazine"). Ward, freelance photographer and writer, claimed product violated his copyright in photos and text that appeared in original Magazine issues. NGS brought motion for partial summary judgment dismissing Ward's complaint with respect to ten works that appeared in Magazine before 1978. NGS argued it was entitled to summary judgment with respect to one work, since Copyright Office had denied registration by plaintiff to that work. Registration was denied because Ward failed to provide evidence that photos were published with copyright notice in his name. Only name in copyright notice was NGS', so Copyright Office found only NGS could register work. Court held that in order to survive summary judgment, Ward need not show denial of registration erroneous. Refusal of registration merely denied Ward presumption of valid copyright, which was not conclusive for district court. Court must independently decide whether plaintiff owns copyright. Ward properly responded to denial of registration by instituting infringement action and serving Copyright Office with notice.

Morgan, Inc. v. White Rock Distilleries, Inc., 230 F. Supp. 2d 104 (D. Me. 2002)

On defendant's motion for reconsideration, court granted motion to dismiss for lack of proper registrations in name of employer, where photos at issue were alleged to be works made for hire. Plaintiff corporation initially argued it owned copyrights in photographs, based on copyright registrations in name of individual, corporation's principal, coupled with undated assignment from individual to corporation. Defendants alleged, and plaintiff conceded, however, that assignment was executed after action was commenced, and therefore ineffective. Plaintiff amended complaint to add individual employee as co-plaintiff, and to allege employer actually owned copyrights under work-for-hire doctrine notwithstanding

certificates claiming individual author. Defendants moved to dismiss amended complaint, arguing registrations were invalid because under work-for-hire doctrine, works belong to employer upon creation; thus certificates in name of individual were defective. Plaintiffs argued mistake in application did not invalidate registrations, and registrations were not, in any case, necessary to prove ownership of copyrights. After denial of motion to dismiss amended complaint, defendants moved for reconsideration, again citing inconsistency between pleading and certificates. Finding no effort by plaintiff to correct erroneous authorship statement, and thus lawful registrations at issue, court granted defendants' motion to dismiss without prejudice.

Hustlers, Inc. v. Thomasson, 65 U.S.P.Q.2d 1037 (N.D. Ga. 2002)

Defendants' motion for summary judgment and motion to dismiss granted in part and denied in part. In 1993, defendant Hugh Thomasson, songwriter and recording artist, entered into agreement with plaintiff Hustlers, music publisher, whereby Thomasson assigned to Hustlers all copyright interests in works he authored or co-authored through June 1999.
Current ownership of copyrights is split among Hustlers (or Thomasson) and other music publishers. Prior to 1999, defendant Sanctuary, record company, entered into license agreements with Hustlers and agreed to pay Hustlers royalty for right to distribute certain compositions Thomasson co-authored. In March 1999, Thomasson notified Sanctuary that his relationship with Hustlers had ended, and that Sanctuary should instead forward royalty payments to co-defendant Justice Writers, music publisher. Sanctuary, which had license from at least one co-owner of each copyright, began sending royalty payments to Justice Writers, and continued to distribute compositions. Compositions were authored by Thomasson with co-authors, and were first published between April 1997 and August 1999. Hustlers registered its copyright interests in April 2001 and sued, alleging copyright infringement and various state law claims and seeking attorneys' fees and statutory damages. Court held Sanctuary's distribution of compositions did not violate Copyright Act because Sanctuary had license to distribute compositions from co-owners of copyrights. Court observed that, even if it had meritorious copyright claim, Hustlers could not recover attorneys' fees and statutory damages because Hustlers did not register its copyright interests in timely manner. Hustlers argued that it could rely on co-owners' registration of copyright in compositions. Court disagreed. Each co-owner of copyright holds different copyright interest. Registering one of these interests does not register different interests of all co-owners. While holder of assigned interest can rely on previous registration of that interest, co-owner of copyright cannot rely on registration of different interest to comply with § 412. Since Hustlers did not timely register its own

copyright interests, it was not entitled to statutory damages or attorneys' fees.

C. *Termination*

Marvel Characters, Inc. v. Simon, 310 F.3d 280 (2d Cir. 2002)

Second Circuit reversed grant of summary judgment for plaintiff. In 1940, plaintiff's predecessor published first issue of *Captain America Comics* with authorship attributed to Joseph H. Simon and Jack Kirby. When expiration of initial twenty-eight-year term under 1909 Act approached, Simon sued predecessor in state and federal court claiming renewal rights to comics. In 1969, parties entered settlement agreement in which Simon acknowledged comics were created as works for hire. In 1999, Simon served plaintiff with notice of termination under § 304(c) of 1976 Act. Plaintiff sued for declaratory judgment that termination notices were invalid, and that it was sole owner of copyrights. Second Circuit, in issue of first impression, held that agreement made subsequent to work's creation that declares it is work for hire constitutes "any agreement to the contrary" under § 304(c)(5), and termination can be effected "notwithstanding" such agreement. Legislative history indicates that clear congressional purpose behind § 304(c) was to prevent authors from waiving termination rights by contract. Accordingly, agreement made after work's creation stipulating that work was created for hire clearly constitutes "agreement to the contrary." If such agreement were outside purview of § 304(c)(5), termination provision would be nullity, court found; "litigation-savvy publishers would be able to utilize their superior bargaining position to compel authors to agree that a work was created for hire in order to get their works published." Court noted its position was consistent with prior courts' interpretations of work-for-hire provision of 1909 Act, in which determination of authorship focuses on actual relationship between parties rather than language of their agreements. Court rejected plaintiff's "dire prediction" that parties will not be able to resolve authorship disputes under court's interpretation of § 304(c), noting "[i]f parties intend to preclude any future litigation regarding authorship by settling their claims, they need only comply with the requirements of collateral estoppel by filing a detailed stipulation of settlement, complete with sufficient factual findings on authorship, with the court." In any case, under statute, "[e]ven if a jury concludes that Simon is the Works' author and can therefore terminate Marvel's copyright in the Works, Marvel can continue to exploit every Captain America property created prior to the effective date of termination."

Milne v. Stephen Slesinger, Inc., No. CV 02-08508 FMC (PLAx), 2003 U.S. Dist. LEXIS 7942 (C.D. Cal. May 8, 2003)

Court granted summary judgment for defendant in claim involving attempted § 304 termination of 1930 transfer of rights in four volumes of classic children's series *Winnie the Pooh*. Author A.A. Milne granted rights to defendant in 1930, which defendant then assigned to Disney in 1961. Defendant and Disney entered later agreement in 1983 with author's statutory heir Christopher Robin ("C.R.") Milne and trustees under author's will, purporting to revoke 1930 and 1961 agreements, waive § 304 termination right of C.R. Milne, and simultaneously to reconvey rights (a) from author's successors to defendant, and (b) from defendant to Disney. In 2002, author's statutory heir Clare Milne served notice of termination on defendant, asserting effective termination date of 2004. On cross-motions for summary declaratory judgment, court held that 1983 agreement was new, post-1978 agreement which could not be terminated under § 304, and not merely extension of 1930 grant. Court thus held that provision in § 304(c)(5) guaranteeing heirs' termination rights "notwithstanding any agreement to the contrary" was inapplicable. Further, court noted that C.R. Milne had "moment of freedom" in early 1980s, during which he could have terminated 1930 grant prior to executing 1983 agreement. Accordingly, policy concerns raised by conditioning revocation of termination rights on issuance of new grant were not implicated.

V. INFRINGEMENT

A. Access

Calhoun v. Lillenas Publ'g, 298 F.3d 1228 (11th Cir. 2002)

Eleventh Circuit affirmed grant of summary judgment in favor of defendants, holding that defendant composer independently created allegedly infringing gospel song. Plaintiff composed song "Before His Eyes" in 1969, and recorded song on album in 1970. Album was released to public and song was promoted at concerts, churches, on television and on radio in Atlanta and Virginia, and on *700 Club* and *Grand Ole Opry Gospel Hour*. In 1976 defendant, songwriter based in Washington State, wrote chorus "Emmanuel" and incorporated chorus in collection of hymns used in his church's worship services. Defendant music publisher subsequently licensed "Emmanuel" to dozens of Christian music entities. In 1999, plaintiff filed complaint alleging that "Emmanuel" was based on chorus section of "Before His Eyes." Defendant argued that "Emmanuel" was independently created during church service, and that he had no access to "Before His Eyes" at time of creation. Court acknowledged that songs were similar, but concluded that since plaintiff did not submit evidence that "Before His Eyes" was performed outside of Atlanta or Virginia, or that defendant

saw television programs on which song was performed, plaintiff could not refute argument that "Emmanuel" was created independently.

Jorgensen v. Epic/Sony Records, 64 U.S.P.Q.2d 1208 (S.D.N.Y. 2002)

Court granted summary judgment to defendants, finding plaintiff failed to adduce sufficient evidence that defendants had access to his copyrighted work. Plaintiff sued alleging hit songs "My Heart Will Go On," performed by Celine Dion, and "Amazed," performed by country music group Lone Star, infringed copyright in plaintiff's song "Long Lost Lover," which was never commercially recorded or released. Defendants moved for summary judgment on issue of lack of access. Plaintiff's access arguments centered on receipt of unsolicited tapes of his song by defendants' artist and repertoire departments, and alleged "industrywide conspiracy" against plaintiff. Plaintiff admittedly had no knowledge that anyone directly involved in creation of allegedly infringing songs ever listened to his tapes or attended his performances. Court found plaintiff had not presented requisite "significant, affirmative and probative" evidence in support of claim of access. Instead, court found plaintiff's claims to "stretch inference" and be "based on sheer speculation . . . that infinitely possible things could have happened to his work after he submitted it to these . . . departments." Since plaintiff also failed to establish striking similarity between his work and works at issue, court granted defendants' motion for summary judgment.

B. Copying and Substantial Similarity

Lynx Ventures v. Miller, 64 U.S.P.Q.2d 1542 (2d Cir. 2002)

Second Circuit vacated and remanded order denying preliminary injunction in case involving alleged infringement of "Woods of the World" database. Although defendants had actually copied two original components of plaintiff's database — its textual descriptions of each wood species' geographic distribution and heartwood color — district court found no likelihood of success on merits because there existed no substantial similarity between "total concept and feel" of two databases. Second Circuit held that district court erred in applying "total concept and feel" test instead of focusing on similarity between two databases' textual descriptions of geographic distribution and heartwood color. Court reasoned that "[w]here the wholesale and verbatim copying of original text is at issue, as here, reliance on the total concept and feel test effectively immunizes the infringer who appends original material to plagiarized text. This flies in the face of what Learned Hand declared long ago, [that] no plagiarist can excuse the wrong by showing how much of his work he did not pirate."

Ets-Hokin v. Skyy Spirits, Inc., 323 F.3d 763 (9th Cir. 2003)

Ninth Circuit affirmed summary judgment for defendant in case involving alleged infringement of product shots for Skyy Vodka ads. Plaintiff photographer sued vodka company for use in advertising campaign of photographs of defendant's blue vodka bottle, which allegedly infringed plaintiff's photographs of same bottle. Court of Appeals disagreed with district court's initial finding that plaintiff's photographs were not sufficiently original to merit copyright protection and remanded, noting that plaintiff's protection is limited by doctrines of merger and scènes à faire. District court, on remand, again granted summary judgment for defendant, and Court of Appeals affirmed, holding that merger and scènes à faire doctrines rendered defendant's photos non-infringing. Copyrights in plaintiff's photographs provide only limited protection after unoriginal elements are subtracted, leaving only unprotectible shared concept, or idea, of photographing defendant's blue vodka bottle. Given differences in expression of idea between plaintiff's and defendant's photographs, court affirmed grant of summary judgment to defendant.

Cavalier v. Random House, Inc., 297 F.3d 815 (9th Cir. 2002)

Ninth Circuit affirmed in part and reversed in part grant of summary judgment for defendants on plaintiffs' claim that defendants' books and television programs infringed copyright in plaintiff's children's storybooks involving creative depictions of moon and stars. Court acknowledged that some of works shared "general premise of a child, invited by a moon-type character, who takes a journey through the night sky and returns safely to bed to fall asleep." However, employing circuit's extrinsic (objective) and intrinsic (subjective) tests, court determined defendant's books and television programs were not substantially similar because plaintiff's stories involved "relatively elaborate story lines," while defendants' stories described "a simple, discrete group of scenes." Court also found that stories did not share detailed sequence of events, and illustrations appeared in different context. Court also noted that plaintiffs' stories were more serious and instructional than defendants' works. In comparing individual illustrations, court found triable issue of substantial similarity with respect to defendants' moon night light design of smiling moon or star face on extended inside back cover of book and illustration of stars relaxing on clouds. Basic idea of stars being polished and common features of stars was unprotectible. Court also determined that no triable issue of fact existed as to themes of teaching children to have confidence, to overcome fears, use of "magical adventures" as plot device, or in depictions or descriptions of child riding dragon, glowing badges, star trees, checklists, or schools in sky. Plaintiffs' trademark infringement and "reverse passing off" claims also did not raise triable issues of fact.

Bridgmon v. Array Sys. Corp., 325 F.3d 572 (5th Cir. 2003)

Appellant Bridgmon sued appellee Array for copyright infringement, alleging that Array's use and sale of ICUS software infringed Bridgmon's registered copyright in ADS software. Bridgmon was unable to produce copy of ADS software. Only evidence as to contents of ADS was Bridgmon's oral testimony and reconstruction of ADS created by Array's expert witness. Court held that such evidence was insufficient to create genuine issue of material fact as to whether ADS and ICUS were substantially similar. Bridgmon contended he had produced evidence of direct copying, so he did not need to show substantial similarity. Court disagreed, noting that not all "factual" copying constituted legally actionable copyright infringement. Moreover, court stated that law prohibits finding of copyright infringement without side-by-side comparison of works at issue.

Taylor Corp. v. Four Seasons Greetings, LLC, 315 F.3d 1039 (8th Cir. 2003)

Eighth Circuit affirmed district court's grant of preliminary injunction in greeting card infringement case, agreeing that doctrine of scènes à faire was not applicable. Plaintiff greeting card company created six original card designs, and defendant, direct competitor, subsequently began distributing cards with similar designs. Defendant claimed that similar elements in parties' respective cards were uncopyrightable "stock elements" under doctrine of scènes à faire. District court analyzed parties' card designs and held that doctrine of scènes à faire was inapplicable because defendant's designs were substantially similar to plaintiff's in numerous specific elements including proportions, colors, objects depicted and lettering style, as well as overall look and feel. On appeal, defendant argued that district court erred in failing to apply doctrine of scènes à faire when analyzing whether such elements were protectible. Eighth Circuit held that district court did not err when it found that "total look and feel" of defendant's cards were substantially similar to copyrighted greeting cards. Therefore, court concluded that district court's findings would be unchanged even if parties' designs were analyzed under scènes à faire doctrine. Brief concurrence by Riley, J., emphasized that record could support different result after trial, but agreed that district court's finding of likely success at preliminary injunction stage was not clearly erroneous.

Fournier v. McCann Erickson, 202 F. Supp. 2d 290 (S.D.N.Y. 2002)

District court denied defendants' motion for summary judgment based on claim relating to photograph commissioned for nationwide advertising campaign. Defendant was commissioned to launch campaign which in-

cluded image of casually dressed man walking to work among traditionally dressed businessmen. Defendant hired plaintiff for speculative assignment and gave plaintiff exemplar of basic concept. Plaintiff shot over 200 photographs based on defendant's concept, but negotiations for license ended without agreement. Defendant hired freelance photographer to create image, which was ultimately used in advertising campaign. Plaintiff commenced action alleging infringement, unfair competition and tortious misappropriation of good will based on allegedly substantial similarities between plaintiff's photographs and image appearing in advertising campaign. Court denied defendants' motion for summary judgment, finding that issues of fact existed regarding copying and substantial similarity; whether defendants copied protectible expression or merely non-protectible concept or idea underlying work. Questions of fact also existed regarding which elements of expression belong to defendants and which to plaintiff. Court also dismissed plaintiff's claims for unfair competition and tortious misappropriation of good will as preempted by federal copyright laws.

Scholastic, Inc. v. Stouffer, 221 F. Supp. 2d 425 (S.D.N.Y. 2002)

Court granted summary judgment to plaintiffs on declaratory relief claim involving alleged infringement of popular *Harry Potter* children's' book series, and dismissed defendant's copyright infringement counterclaim. Plaintiffs, respectively author, publisher and owner of film rights in *Potter* series, brought action for declaratory and injunctive relief after failing to resolve differences with defendant author, who claimed infringement of her intellectual property rights in series of "Larry Potter" stories. Defendant counterclaimed that cover illustrations of *Harry Potter* books infringed her copyrights in illustration from her book, *Larry Potter and His Best Friend Lilly*, purportedly published in 1988, nine years before publication of plaintiff author's first *Harry Potter* book, *Harry Potter and the Philosopher's Stone*. Court held that similarities between illustrations of Harry Potter and Larry Potter characters concerned generic elements, such as portrayal of characters as young boys with dark hair and eyeglasses, and did not bear upon protectible elements of defendant's illustration, namely Larry Potter's facial features, non-circular shape and speckled brown color of his eyeglasses and style of his hair, none of which were present in plaintiffs' illustrations. Court also noted that defendant's proof of access rested solely on circumstantial evidence, specifically that defendant's works were displayed at 1987 German toy fair and were available through British publisher. Record was devoid of evidence that plaintiff author attended German toy fair or that publisher actually sold defendant's works.

Tufenkian Import/Export Ventures, Inc. v. Einstein Moomjy, Inc., 237 F. Supp. 2d 376 (S.D.N.Y. 2002)

Plaintiff sued alleging defendant's "Bromley 514" rug infringed its "Floral Heriz" rug design. Court held no reasonable jury could fail to find copying where defendants conceded access to plaintiff's rug design and created rug containing same unorthodox combination of Persian and Indian Agra rug styles, using elements of same two public domain works, as well as "two minor borders not derived from the public domain, one of stick figure animals and the other of castle-like figures, all in the same order." Because plaintiff's rug pattern contained unprotectible elements, however, court applied "more discerning observer" test for assessing similarity. Applying this test, court found defendants did not copy material amount of protectible expression because: (1) defendants' design was symmetrical, while plaintiff's was asymmetrical, creating substantial differences in total concept and feel of two works; (2) defendants incorporated flower elements in center field not found in plaintiff's design; (3) plaintiff's center field design contained more lines than defendants'; (4) certain shapes and patterns in parties' respective primary borders were markedly different; and (5) plaintiff's primary border included more colors and more elements, giving it more complex overall feel than defendants' work.

Mattel, Inc. v. Radio City Entm't, 63 U.S.P.Q.2d 1479 (S.D.N.Y. 2002)

Court granted defendant's motion for summary judgment. Plaintiff sued alleging defendant's "Rockettes 2000 Doll" infringed "Barbie Doll" and "CEO Barbie Doll." Court, applying "ordinary observer test," which examines "whether an average lay observer would overlook dissimilarities between the works and would conclude that one was copied from the other," found all similarities between parties' dolls arose from non-copyrightable elements which were legion in youthful female dolls, e.g., full faces, pert upturned noses, bow lips, large widely spaced eyes and slim figures. Further, dissimilarity of protectible elements of dolls — "shape of the features of the doll's head and the relationship of those features to one another" — was "beyond genuine dispute."

Newton v. Diamond, 204 F. Supp. 2d 1244 (C.D. Cal. 2002)

Court granted summary judgment in favor of rap group Beastie Boys, finding no substantial similarity between their 1992 track "Pass the Mic" and plaintiff's 1982 free jazz composition "Choir," which defendants sampled without license from plaintiff's recording. Defendants took license from record label which owned sound recording, but did not obtain license from plaintiff for use of composition. Sample was roughly six seconds

long, looped to repeat continuously throughout defendants' track. Court found that extent of taking was too small to be actionable because written score of sampled portion contained only three notes, and court cited numerous cases finding takings of less than six notes to be de minimis. Court thus equated composition with written score, and distinguished it from sound recording, which "is the sound produced by the performer's rendition." Accordingly, plaintiff's unusual performance techniques of overblowing and vocalization were not protectible as part of "composition" because not notated in score, and could only be protected as part of sound recording, which defendants had licensed. Upon prevailing in summary judgment motion, Beastie Boys moved for attorneys' fees. Appeal now pending in Ninth Circuit.

JCW Invs., Inc. v. Novelty, Inc., 222 F. Supp. 2d 1030 (N.D. Ill. 2002)

Court granted preliminary injunction motion sought by plaintiff toy manufacturer alleging infringement of plaintiff's "Pull My Finger Fred" doll. Court held that unprotectible "idea" of product was that of "farting doll," not "plush toy 'classic dad' or 'uncle' lounging in a chair that has a vibrating fart and makes scatological cliches when his finger is pulled," as claimed by defendant. Court likewise rejected defendant's claim that doll's blue pants, white tank top, balding head and smiling face were scènes à faire, holding that "concept of a farting doll certainly does not dictate a balding male, reclining in an armchair, wearing blue pants and a white tank top, whose flatulence sounds are activated by squeezing his right finger and always followed by some sort of commentary." Because products at issue shared these expressions of idea, and shared "total concept and feel," they were substantially similar, court held.

Comins v. Discovery Communications, Inc., 200 F. Supp. 2d 512 (D. Md. 2002)

Court dismissed plaintiff's infringement action, concluding similarities between defendant's documentary film *If We Had No Moon* and plaintiff's book *What if the Moon Didn't Exist* largely involved unprotectible elements such as titles, historical facts, and scènes à faire. As to similar protectible elements, court held defendant's film demonstrated independent creation. Plaintiff's book, which dealt with series of astronomical hypotheticals, including if Moon didn't exist and if Moon were closer to Sun, was initially considered for production by defendant. After defendant produced film devoted to Moon and its effect on Earth, plaintiff brought copyright infringement action. Observing that defendant conceded access to plaintiff's book, court summarized that determination of substantial similarity depended upon two-step finding of extrinsic similarity — as to

objective elements such as plot, theme, characters, setting, pace, mood, and dialogue — and intrinsic similarity as to expression of aforementioned elements, equivalent to total concept and feel of work. As to purported extrinsic similarities, court concluded these largely involved non-protectible elements, including works' respective titles, historical facts and their interpretation, common sources serving as foundation for works, and scènes à faire. About latter, court held defendant "could hardly be expected to change the sequence of events through which the Moon has evolved simply to avoid an appearance of similarity to the book." As to other extrinsic elements, court held book was pitched to adults or intelligent children, while film was suitable for college-level science class, and that film's narration was distinguished by use of noted scientists. Court held same elements contributed to lack of intrinsic similarity in works. Defendant demonstrated as matter of law independent creation sufficient to rebut presumption of copying.

Celebration Int'l, Inc. v. Chosun Int'l, Inc., 234 F. Supp. 2d 905 (S.D. Ind. 2002)

Concluding that plaintiff showed "more than a negligible chance of demonstrating substantial similarity," district court nonetheless denied plaintiff's motion for preliminary injunction against allegedly infringing tiger costume because defendant produced significant evidence of independent creation and scope of plaintiff's copyright was narrow. Plaintiff, which operated Halloween costume business, contracted with San Diego Zoo to make children's costumes based on zoo's animal catalog. Manufacturer employed by plaintiff learned of defendant's similar tiger costume at German toy fair and notified plaintiff. Defendant manufacturer maintained that head of its tiger costume was based on existing plush toys product line and not on plaintiff's costume. Weighing preliminary injunction, court noted low threshold for showing likelihood of success on merits, with success tied to demonstration of ownership of valid copyright and of copying of original elements of work. Court held scope of plaintiff's copyright protection was limited, owing to plaintiff's confessed effort to create realistic tiger head, but noted that quick glance from ordinary observer would reveal tiger faces of plaintiff's and defendant's respective tiger costumes to be very similar. Hence, court determined showing of substantial similarity was possible. However, court found credible evidence that defendant based its tiger on plush toy found in defendant's 1994 catalog and accordingly held defendant's tiger was product of independent creation.

Mist-On Sys., Inc. v. Gilley's European Tan Spa, No. 02-C-0038-C, 2002 U.S. Dist. LEXIS 9846 (W.D. Wis. May 2, 2002)

Court granted defendant's motion for summary judgment. Plaintiff sued alleging infringement based on defendant's "Frequently Asked Questions" Web site page, allegedly copied from plaintiff's page. Both parties offered sunless tanning services. Question, court noted, was whether defendant copied protected expression or just underlying ideas. Court found that use of "Frequently Asked Question" format, use of common words like "how," "can," "is," "what" and "will" to begin each question, and fact that parties provided similar information were superficial similarities "falling far short" of proving copying, since similarities arose from parties' use of common format to address topics common to subject of sunless tanning processes. Both format and words were unoriginal and were commonly used to provide information to consumers. Furthermore, sequence, wording and number of questions were different, as were layout of pages. Five of defendant's questions and seven of plaintiff's questions were exclusive to their respective pages. Finally, answers were similar only in that they addressed issues surrounding sunless tanning process.

Madrid v. Chronicle Books, 209 F. Supp. 2d 1227 (D. Wyo. 2002)

Defendants' motion for summary judgment granted in case alleging infringement of poem by film *Monsters, Inc.* Plaintiff children's short story writer sued publisher Chronicle Books ("Chronicle"), computer animation companies Pixar Animation Studios and Pixar Talking Pictures (together "Pixar"), and Walt Disney Pictures and Television ("Disney"), alleging that *Monsters, Inc.*, children's movie released by Pixar and Disney, infringed copyright in her one-page manuscript entitled "There's a Boy in My Closet" ("poem"), subsequently adapted for local musical production. Court noted that copying of protectible elements of poem involved (a) access to poem by defendants, which court assumed, and (b) substantial similarity between *Monsters, Inc.* and poem. Court applied "abstraction-filtration-comparison" test to determine whether defendants' work was substantially similar to protectible elements of plaintiff's poem. Court held that "the similarities that Plaintiff mentions in her complaint and response — a big, fat, furry monster with horns on its head, a small thin child, monsters in children's bedroom closets and vice versa at night, a mother-child relationship — are merely ideas, and not the expression of ideas, and therefore, not subject to copyright protection." Moreover, "feel, essence and reaction" by reader of poem are likewise unprotectible under copyright law because they are merely amorphous concepts not fixed in any tangible medium of expression. Finally, court noted that, while tone and pace can be protectible original expression, plaintiff's claims on this basis must also fail because, to extent poem even contains

tone or pace — "for example, the excitement, innocence, or the simplicity of a moment — these elements are certainly not original, but are common to many pieces of children's literary works."

C. *Computer Works*

Lexmark Int'l, Inc. v. Static Control Components, Inc., 66 U.S.P.Q.2d 1405 (E.D. Ky. 2003)

District court granted preliminary injunction to owner of copyrights in computer codes embedded in microchips inside toner cartridges for laser printers. Plaintiff claimed microchip in defendant's replacement toner cartridges infringed its copyrights, and circumvented authentication sequences that control access to plaintiff's programs in violation of Digital Millenium Copyright Act. Court held plaintiff likely to succeed on copyright infringement claim because defendant failed to prove invalidity of copyrights for plaintiff's programs and copied plaintiff's exact programs. Court rejected defense that plaintiff's programs are lock-out codes required to manufacture competing toner cartridges because various programs effectively achieve same result, and plaintiff's programs do not need to be copied in whole or in part. Defendant's copying is not temporary and for purpose of analyzing or testing plaintiff's programs, but is literal copying of plaintiff's programs for commercial exploitation. Court rejected fair use defense because defendant copied plaintiff's complete programs, which copying was part of ordinary operation of accused product, and balancing of factors weighed heavily in plaintiff's favor. Court found plaintiff's programs were not formulas and constants, but copyrightable because they could be written in many ways. Plaintiff also survived defense that it violated antitrust law by illegally extending monopoly beyond scope of copyright law, because defendant presented no factual or legal basis for antitrust violation. Finally, plaintiff demonstrated likelihood of success on merits of two DMCA claims. Concluding plaintiff likely to prevail on merits of all claims, court granted preliminary injunction.

D. *Contributory/Vicarious Infringement*

Arista Records, Inc. v. MP3Board, Inc., Copyr. L. Rep. ¶ 28,483 (S.D.N.Y. 2002)

Court denied record labels' motion for summary judgment in claim against Web site that provided links to illicit MP3 copies of sound recordings. Labels asserted contributory and vicarious infringement in connection with site's facilitation of direct infringement by users. Court denied summary judgment because labels did not "eliminate all genuine issues of material fact" as to whether users of site actually committed direct infringement. "While the structure . . . and scale of the operation certainly give rise to a

strong statistical inference that MP3Board users downloaded files containing copyrighted music in violation of the record companies' reproduction rights," there remained a genuine fact issue. Further, labels' failure to satisfy court that users actually downloaded music files negated summary judgment as to violation of distribution right as well, because court distinguished between mere accessibility of infringing files and dissemination of such files "to the public."

Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 259 F. Supp. 2d 1029 (C.D. Cal. 2003)

District court granted defendants' motions for summary judgment, holding developers of peer-to-peer file-sharing programs not contributorily or vicariously liable for infringing activities of program users. Plaintiffs, motion picture companies, recording companies, songwriters, and music publishing companies, brought copyright infringement suit against Grokster, StreamCast Networks, Inc., and other companies distributing software which enables peer-to-peer sharing of copyrighted digital media over Internet. Defendants' platforms operate in manner analogous to Napster system at issue in *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th Cir. 2001): software is downloaded free of charge from defendants' servers to users' computers. When launched on user's computer software automatically connects to peer-to-peer network, making shared files available to other users currently connected to network. Parties sought summary judgment on issue of defendants' liability for contributory and vicarious infringement. On contributory infringement, court, citing *Sony Corporation of America v. Universal City Studios, Inc.*, 464 U.S. 417 (1984), stated that here it was undisputed that there are substantial non-infringing uses for software, e.g., distributing movie trailers, free songs or other non-copyrighted works; using software in countries where it is legal; or sharing works of Shakespeare. Moreover, court continued, liability for contributory infringement requires actual, not merely constructive, knowledge of infringement, and time during which defendant materially contributes to infringement. Court discounted evidence that defendants "clearly know that many if not most of those individuals who download their software subsequently use it to infringe copyrights." Court distinguished Napster, which provided centralized database. In contrast, neither of defendants facilitates exchange of files as Napster did; users connect to networks, select files to share, send and receive searches, and download files, with no material involvement of defendants. If defendants discontinued operations, users of their products could continue sharing files with little or no interruption, court noted. Court likened defendants to companies that sell home video recorders or copy machines, both of which can be and are used to infringe copyrights. Court accordingly granted summary

judgment for defendants on contributory infringement claim. On question of vicarious liability, second prong of test — direct financial interest in infringing activities — was easily satisfied, court concluded; fact that software could be used to copy copyrighted works was "major draw" for defendants. However, court determined that defendants could not control who was using software to engage in infringing activities, and thus did not meet first prong of test for vicarious liability, ability to supervise and control infringing conduct. Court rejected plaintiffs' argument that fact that defendants could have written software to make it more difficult to infringe meant they had ability to control infringing activity. Court concluded that there was no genuine issue of material fact remaining with regard to vicarious infringement claim, and granted summary judgment to defendants.

Broad. Music, Inc. v. Old Colonial Corp., 62 U.S.P.Q.2d 1685 (D. Mass. 2002)

Court held defendant tavern proprietors vicariously liable for copyright infringements committed by bands hired by them to play at defendants' Boston pub. Defendants allowed unauthorized public performance of musical compositions for which plaintiff is exclusive licensor. Court, noting "[t]he cast of the vicarious liability net is wide," cited *Gershwin Publishing Corp. v. Columbia Artists Management*, 443 F.2d 1159 (2d Cir. 1971), for proposition that "even in the absence of an employer-employee relationship one may be vicariously liable if he has the right and ability to supervise the infringing activity and also has a direct financial interest in such activities." Plaintiff's motion for summary judgment granted.

E. Derivative Works

Sapon v. DC Comics, 62 U.S.P.Q.2d 1691 (S.D.N.Y. 2002)

District court dismissed action for copyright infringement, holding plaintiff cartoonist's copyrighted visual work "Black Bat" did not satisfy requirements for copyrightable derivative work because it lacked requisite originality and contained "substantial copyrighted elements" of defendant publisher's "Batman" character. Holding evidence rebutted prima facie presumption of copyright ownership arising from plaintiff's federal copyright registration in Black Bat, court granted summary judgment to defendant publisher on counterclaim for copyright infringement, finding plaintiff's Black Bat substantially similar to strongly protected elements of Batman character, including Batman's utility belt, bat emblem, wings, gloves and horns. Plaintiff in 1984 created unpublished drawings of Black Bat character, and mailed drawings to defendant as proposal for new Batman character. Defendant did not respond. After obtaining copyright re-

gistration in Black Bat character in 2000, plaintiff brought action maintaining defendant's 1999 animated television series, *Batman Beyond*, infringed Black Bat copyright. Defendant, in answer and counterclaim, contended Black Bat was unauthorized derivative work that infringed its copyright in Batman character. Because record established plaintiff intended integration of Black Bat character into defendant's Batman series, court examined whether Black Bat was derivative work, entitling plaintiff to copyright in work's original elements. Court concluded relevant elements were created by defendant, thereby undermining plaintiff's infringement claim. In reaching conclusion, court examined antecedents of defendant's Batman character and found: Black Bat's shiny black costume was worn by Batman as early as 1989; silver utility belt was first worn by Batman in 1943; black horns had been variously worn by Batman; Batman first wore bulletproof costume in 1965; Batman was associated with crime-fighting equipment such as guns for many years; and Batman used two-way radio as early as 1940. Court turned aside plaintiff's other arguments concerning other infringed elements, such as assertion of copyright in "science fiction character" or "alter-ego" personality trait, because these elements were unoriginal, non-protectible expression, owing to wide prevalence of such elements in many other fictional characters. Court concluded no reasonable jury could find Black Bat character satisfied requirement of originality since it was unauthorized derivative work that copied defendant's Batman character, including most qualitatively important and defining elements of Batman character, including his wings, horns, emblem and utility belt. Court held evidence rebutted prima facie claim of copyright ownership associated with plaintiff's copyright registration. Court also noted infirmities in plaintiff's copyright certificate since it impermissibly extended copyright to "concept," not solely to drawing, and because plaintiff failed to disclose to Copyright Office work was unauthorized derivative work. As to defendant's counterclaim, court noted defendant's valid ownership of copyright and that record established plaintiff copied defendant's work by virtue of plaintiff's admission of copying in 1984 proposal to defendant, irrespective of quantitative amount of copying. Because plaintiff copied core elements of defendant's Batman character, court awarded summary judgment to defendant on copyright infringement counterclaim.

VI. DEFENSES/EXEMPTIONS

A. Fair Use

L.A. News Serv. v. CBS Broad., Inc., 305 F.3d 924 (9th Cir. 2002)

Ninth Circuit affirmed grant of summary judgment to defendant Court TV. Plaintiff, news service, filmed 1992 Los Angeles riots and beating of

Reginald Denny. Plaintiff claimed defendant Court TV infringed plaintiff's copyrighted footage by using clip from "Beating of Reginald Denny" without license from plaintiff. District court granted summary judgment to defendant Court TV, finding use was fair. Ninth Circuit affirmed. On first factor, purpose and character of use, court noted that mere rebroadcast of "most visually arresting excerpt" was not itself transformative. Court TV's use of clip in video montage introducing "Prime Time Justice" program was largely commercial; however, court found this use more transformative, which reduced importance of its commerciality. On balance, factor weighed "weakly" in favor of fair use. Second factor, nature of copyrighted work, "clearly point[ed] toward fair use": tape, while not without creative aspect, was "informational and factual and news." On third factor, court noted amount of tape actually used by Court TV was "quite small," both in absolute terms and in relation to copyrighted work as whole. Court found plaintiff's assertion that single shot Court TV employed was "heart" of tape "less plausible" in light of its contention, in earlier case, that "heart" was entire forty-five-second attack on Reginald Denny. Court stated purpose and character of use are also relevant in evaluating third factor, and noted portion Court TV used for promotional purposes was closely tied to subject matter, and that by choosing most recognizable frames it eliminated need to take more. Weighing brevity of portion copied against its significance, court found third factor neutral. In evaluating fourth factor, court noted that while transformative use of clip in montage was unlikely to affect relevant market, rebroadcast of clip to promote trial coverage was more problematic. Court stated relevant question was whether uncompensated use of three-second clips would substantially affect market for licenses to show "Beating of Reginald Denny" in its entirety. Court TV operated in significantly different market than LANS, and was not competing with LANS to show riot coverage, or even breaking news of same general type. Moreover, this was not case of "unrestrained piracy." Accordingly, use was fair, and grant of summary judgment to Court TV was affirmed.

Ty, Inc. v. Publn's Int'l, Ltd., 292 F.3d 512 (7th Cir. 2002), *cert. denied*, 123 S. Ct. 892 (2003)

Seventh Circuit reversed grant of summary judgment in favor of plaintiff, finding Beanie Babies collector guides might be fair use. Plaintiff Ty, owner of copyrights in beanbag stuffed animals, sued Publications International, Ltd. ("PIL"), publisher of series of collector guides containing unauthorized pictures of Beanie Babies. PIL argued guides were fair use. PIL appealed from district court's summary rejection of fair use defense. Essentially ignoring text of § 107, court emphasized that plaintiff cannot defend district court's judgment by arguing that some or all statutory fac-

tors weigh against defense of fair use, because factors are illustrative, not exhaustive. Court also found that defendant's guides were not derivative works of plaintiff's Beanie Babies because guides were merely critical, evaluative and informative, and did not "recast, transform or adapt" plaintiff's works. Court concluded questions remain as to whether use of photographs is fair use because it is only way to prepare collector guide, and whether some or all of defendant's guides were mere "picture books" rather than legitimate guides for collectors. Accordingly, court reversed and remanded.

Bond v. Blum, 317 F.3d 385 (4th Cir. 2003)

Court of Appeals affirmed district court's grant of summary judgment, finding copying of manuscript for introduction into evidence child custody proceeding was fair use. Plaintiff's wife, Alyson Slavin Bond, sued former husband William Slavin in Maryland state court for exclusive custody of their three children. Slavin introduced into evidence excerpts from ex-wife's current husband Bond's manuscript entitled *Self-Portrait of a Patricide: How I Got Away With Murder*. Manuscript describes how Bond, as juvenile, planned and committed brutal murder of his father, then "fool[ed] the police and the juvenile system to 'get away scot-free'" and collect money from father's estate. Bond gave copy of manuscript to attorney in unsuccessful effort to obtain publishing contract. Wife's father obtained copy of manuscript from attorney's widow and gave it to Slavin, who used it in custody proceeding in effort to prove Bond's home was not suitable for children. Bond thereafter registered copyright in manuscript and commenced suit against Slavin, Slavin's attorneys, wife's father and others, claiming copyright infringement. District court found manuscript not protected by attorney-client privilege because attorney's promotion of manuscript was not part of duties as lawyer, and granted summary judgment to defendants, concluding use of manuscript for limited purpose in child custody hearing was fair use. Court of Appeals affirmed. On first factor, court agreed with district court that purpose and character of use weighed heavily against infringement claim; use was not for commercial purpose, but was solely for evidentiary value of content insofar as it contained admissions by Bond against his interest — all facts, whose use did not draw on Bond's mode of expression. Court rejected argument that Bond was harmed by loss of right to control "private" document, noting Bond circulated manuscript in effort to have it published, and that protection of privacy is not function of copyright law. Second factor, nature of copyrighted work, weighed against fair use, court found, since manuscript was unpublished and contained "stylized mode of expressing . . . feelings about historical facts." However, use was not related to expression but rather to historical facts. On third factor, amount and substantiality of

portion used, court acknowledged that use involved entire work. Court, however, noted again that use was not for expressive content but to obtain admissions of fact. "Because the manuscript was not used to undermine any right conferred by the Copyright Act," factor was accorded little weight. On fourth factor, court found no evidence of adverse effect on market for work, noting that "if anything [use] increases the value of the work in a perverse way." Accordingly, district court did not err in concluding use of manuscript as evidence in state court proceeding was fair use.

Video-Cinema Films, Inc. v. Cable News Network, Inc.; *Video-Cinema Films, Inc. v. Am. Broad. Cos., Inc.*; *Video-Cinema Films, Inc. v. CBS Corp.*, 66 U.S.P.Q.2d 1473 (S.D.N.Y. 2003)

District court granted defendants' motion for attorneys' fees and costs in related cases involving claims of infringement for defendants' broadcasts of footage from motion picture *The Story of G.I. Joe* after death of actor Robert Mitchum, who appeared in film. Plaintiff claimed defendants violated Copyright Act by broadcasting footage as part of obituary for actor. Court granted summary judgment to defendants, finding that broadcasting footage from film was fair use and served public interest in reporting news. Court held that no cited cases support plaintiff's arguments that (1) fair use requires that defendants' use of film footage be "necessary," or (2) defendants' use is not fair use because they could have used still photos instead of film footage. Court also rejected plaintiff's argument that defendants' "substantial" use of footage was not fair use because clips used by defendants ranged from 6-22 seconds, less than one percent of copyrighted film. Court also found defendants' use reasonable because it was too small a portion to constitute "heart" of film, and was necessary to effectively demonstrate Mitchum's career. Defendants' use did not affect plaintiff's market for entire film, and plaintiff failed to establish existence of market for licensing of film clips for use in obituaries. Court therefore granted defendants' motion for attorneys' fees and costs.

Mattel, Inc. v. Pitt, 229 F. Supp. 2d 315 (S.D.N.Y. 2002)

Court found erotic "Dungeon Doll" based on altered "Barbie" doll head could be fair use parody. Mattel owned copyright in "SuperStar Barbie" doll head. Defendant prepared and sold "Dungeon Doll," repainted and recostumed Barbie doll with SuperStar Barbie head, to representative of plaintiff. Defendant also maintained Web site that featured "Lily the Diva Dominatrix," recostumed and physically altered Barbie doll, as protagonist in tale of "sexual slavery and torture," victim of which was another reconfigured Barbie. Mattel sued for copyright infringement, and moved for summary judgment. Court assumed for purposes of analysis that re-

painting/recostuming of individual copyrighted item could be characterized as violative of copyright holder's exclusive rights. Court found, however, that Dungeon Dolls could be parody fair use. On first factor, court found transformative character of Dungeon Dolls evidenced by both costume and anatomy of dolls, as well as context in which doll images appear. Court noted that "different analysis would apply if Defendant had, for example, dressed Barbie dolls in a different style of cheerleader outfit than those marketed by Mattel." Further, defendant, through use of customized Barbie figurines in sadomasochistic costumes and storylines, "commented on what she perceive[d] as the sexual nature of Barbie," court found. On second factor, court acknowledged that Barbie is creative work close to core of copyright protection, but noted that in parody analysis factor assumes less importance than other three factors. As to third fair use factor, court found defendant used entire copyrighted work, but that "[d]efendant's customizing appears to have evoked the image of Barbie while transforming the Barbie doll sufficiently that the quality and quantity of her copying weigh against judgment . . . in favor of Plaintiff." Finally, under fourth factor, court found "slim to no likelihood that Dungeon Dolls would serve as a market substitute for Barbie dolls," and that sale or display of "adult" dolls did not appear to be use Mattel would likely develop or license others to develop. Plaintiff's motion for summary judgment denied.

Sobhani v. @radical.media, Inc., No. CV 02-3594, 2003 U.S. Dist. LEXIS 2619 (C.D. Cal. Feb. 13, 2003)

District court granted summary judgment to defendant. Plaintiff, aspiring commercial director, produced five "spec commercials" to promote himself to potential employers. Commercials were styled similarly to existing Jack-in-the-Box restaurant ads, but contained new elements in that they spoofed motion picture *Cast Away*, portraying man resembling Tom Hanks character interacting with talking Jack-in-the-Box head "antenna ball" in place of mute Wilson volleyball featured in movie. Each of plaintiff's spec commercials included actual footage copied from previously-aired Jack-in-the-Box ads. Plaintiff sent his tape to defendant, where it was viewed by defendant's employees. Several months later, defendant produced commercial for Jack-in-the-Box that spoofed *Cast Away* similarly to plaintiff's videos. Plaintiff sued for infringement of copyright in spec commercials. Defendant argued spec commercials were unauthorized derivative works, and plaintiff accordingly could not sue for their infringement. Plaintiff contended that his use of copyrighted material constituted fair use under Copyright Act. Court stated, however, that plaintiff was not invoking fair use doctrine as defense to infringement, but rather sought to use § 107 as "sword" in order to vest copyright in unauthorized

derivative work. Plaintiff, court noted, "does not cite any cases supporting this novel application of Section 107, and it is relatively clear that Congress did not contemplate such." It was, moreover, questionable whether plaintiff would have benefit of fair use defense even if properly invoked; court noted, without deciding, that plaintiff's use of copyrighted material to produce commercial portfolio did not appear to be fair use under four statutory factors.

B. Statute of Limitations

Leonardo v. United States, 65 U.S.P.Q.2d 1915 (Fed. Cl. 2003)

Court of Federal Claims denied defendant's motion for summary judgment with respect to infringement claims based on statute of limitations in 28 U.S.C. § 1498(b). Plaintiff artist sought damages in suit against U.S. government for damage to artworks sustained in connection with transfer to storage center at American Cultural Center in Brussels. After plaintiff's tort claims were rejected by State Department, plaintiff filed suit in Court of Federal Claims alleging breach of contract and copyright infringement. Defendant moved for summary judgment, arguing infringement claims were filed more than three years after destruction of artworks and accordingly time-barred. Plaintiff argued statute was tolled by filing of administrative claim with State Department. Defendant argued State Department did not have actual notice of infringement claims. Court relied on plain language of § 1498(b), which requires that "written claim of compensation" be filed with correct agency or department of government. Finding no requirement that agency have actual notice of infringement claim, and in absence of State Department regulations on tolling, court found plaintiff's administrative claim sufficient to toll statute of limitations. However, court granted defendant's summary judgment motion because court lacked jurisdiction over infringing acts committed abroad.

Barksdale v. Robinson, 65 U.S.P.Q.2d 1370 (S.D.N.Y. 2002)

Court granted defendant's motion for summary judgment that plaintiff's claims of copyright ownership and infringement of rap singles "It's Magic" and "Rockin' It" were barred by three-year statute of limitations. Plaintiff brought action seeking declaration of sole ownership of copyrights in compositions, for which he was credited only as co-author. Plaintiff also alleged copyright infringement. Defendant moved to dismiss complaint on ground that claims were time-barred. Court dismissed plaintiff's claim for declaration of sole ownership of copyrights as time-barred by Copyright Act's three-year statute of limitations. Plaintiff first asserted claim on January 30, 1998 by stating in letter to defendant that he was "sole and exclusive owner of compositions." First letter was followed by another letter on

August 7, 1998. However, plaintiff did not commence litigation over copyright ownership claim until December 17, 2001. Accordingly, declaratory copyright ownership claim was time-barred. Court did not agree with plaintiff that doctrine of equitable estoppel should suspend running of statute of limitations because plaintiff here did not allege wrongdoing by defendant that prevented plaintiff from suing. Court also held that infringement claims were time-barred. Plaintiff's memorandum opposing defendant's motion stated that gravamen of plaintiff's copyright claim was sole ownership. Since plaintiff was already acknowledged co-owner, plaintiff's infringement claims could not proceed without a determination that plaintiff was sole owner of copyrights. Since declaratory copyright ownership claim was time-barred, copyright infringement claim was also time-barred.

Mappa Music Co. v. Universal-Polygram Int'l Publ'g, 62 U.S.P.Q.2d 1582 (C.D. Cal 2002)

District Court granted defendants' motion for summary judgment in dispute relating to ownership of arrangement of song arrangement, finding claims barred by statute of limitations and laches. In 1956, Mark McIntyre and Audrey McIntyre added words and music to 1951 song titled "Gonna Get Along Without Ya Now," creating authorized derivative work ("Arrangement"). In same year, McIntyres' daughters, girl group "Patience & Prudence," recorded Arrangement, which became popular hit. Also in 1956, McIntyres entered into Letter Agreement with composer regarding publication of Arrangement, but never received any music publishing royalties. Several users recorded or used Arrangement, including recording by Penny Marshall and Cindy Williams in 1970s and uses in movies *Four Weddings and a Funeral* and *Election* in 1990s. In 2000, plaintiff brought action seeking declaratory judgment of copyright ownership and for copyright infringement. Defendants moved for summary judgment. Court held plaintiff's claim for declaratory judgment of copyright ownership was barred by laches and statute of limitations. On laches, court held that: (1) delay in filing suit was at least thirty years if measured from date when plaintiff learned that ownership of song was in question, finding plaintiff's letters to defendants regarding ownership of song and more recent instances of infringement not relevant in measuring delay; (2) delay was unreasonable because ownership dispute was not minor or technical infringement over which plaintiff would not be expected to bring suit; and (3) plaintiff's delay caused defendants evidentiary and expectations-based prejudice. On statute of limitations, court held that three-year limitations period had long since run, and there was no evidence indicating willful infringement or fraudulent concealment, or any other basis for tolling statute of limitations. Court held defendants entitled to judgment as matter of

law on copyright infringement claim, since infringement claim was derivative to claim for declaratory judgment of copyright ownership.

Wechsberg v. United States, 64 U.S.P.Q.2d 1588 (Fed. Cl. 2002)

Plaintiff sued for infringement of his film *Deafula*, asserting U.S. Department of Education copied and distributed film without plaintiff's authorization. Defendant moved for summary judgment on grounds that plaintiff's claim was barred by three-year limitations period in 28 U.S.C. § 1498(b), and laches. Defendant also argued that plaintiff's claim should be limited to recovery of minimum statutory damages. In case of first impression, United States Court of Federal Claims denied summary judgment on limitations period, finding that accrual date of cause of action pursuant to § 1498(b) is triggered by last of series of infringing acts, and not upon first infringement, as defendant had argued. Court, however, relying on plain language of § 1498(b), rejected plaintiff's attempt to recover for infringements prior to three-year limitations period. Court reasoned that limitations period must be strictly construed because statute creates waiver of sovereign immunity, and stated that "stronger weight of authority under general copyright law argues against 'continuing wrong' theory for recovery of damages for infringements accruing before limitations period." Since plaintiff's cause of action only covered infringements going back three years from date plaintiff filed suit, court concluded that defendant's laches defense was moot. Court also rejected defendant's argument that plaintiff's claim should be limited to minimum statutory damages. Court reasoned that "construing Section 1498(b) as establishing statutory minimum as a floor, but not as a ceiling, for recovery of damages is only interpretation in harmony with Title 17's option for a plaintiff to elect statutory damages." Court, however, granted defendant's motion for partial summary judgment on damages because plaintiff did not present sufficient evidence on damages beyond statutory minimum and because no infringement occurred after plaintiff registered his copyright.

C. Res Judicata/Collateral Estoppel

Marvel Characters, Inc. v. Simon, 310 F.3d 280 (2d Cir. 2002)

Second Circuit reversed grant of summary judgment for plaintiff. In 1940, plaintiff's predecessor published first issue of *Captain America Comics* with authorship attributed to Joseph H. Simon and Jack Kirby. When expiration of initial twenty-eight-year term under 1909 Act approached, Simon sued predecessor in state and federal court claiming renewal rights to comics. In 1969, parties entered settlement agreement in which Simon acknowledged comics were created as works for hire. In 1999, Simon served plaintiff with notice of termination under § 304(c) of 1976 Act. Plaintiff

sued for declaratory judgment that termination notices were invalid, and that it was sole owner of copyrights. District court rejected plaintiff's assertion that it was entitled to summary judgment on equitable estoppel and res judicata grounds, finding termination right under 1976 Act was separate from renewal right under 1909 Act. However, court granted Marvel's motion for summary judgment on merits, finding acknowledgment of work-for-hire status in 1969 settlement agreement prevented Simon from exercising § 304(c) termination right. On appeal, plaintiff again argued that res judicata barred Simon from asserting that he was author of comics in order to exercise termination right. Second Circuit disagreed: "It does not follow, as Marvel suggests, that since the Works' authorship was at *issue* in the previous actions, Simon's termination *claim* is precluded here." Court acknowledged Simon would be precluded from claiming entitlement to benefit of initial twenty-eight-year renewal period; however, that was not his claim here. Here, Simon was "claiming that he is entitled to terminate Marvel's copyrights in the Works, a claim that did not exist when the Prior Actions were settled." Court also rejected contention that defendant was collaterally estopped from asserting authorship. Stipulation of settlement unaccompanied by findings does not bind parties on any issue that may arise in another action. Neither of stipulations filed in prior actions contained specific findings as to whether Captain America character was created as work for hire. Although settlement agreement contained detailed findings on authorship issue, stipulations did not reference settlement agreement. Stipulations therefore did not collaterally estop Simon from litigating issue of authorship underlying termination claim in current action.

D. Miscellaneous

Capitol Records, Inc. v. Naxos of Am., Inc., 262 F. Supp. 2d 204 (S.D.N.Y. 2003)

Court granted summary judgment for defendant, which issued restored versions of plaintiff's pre-1972 U.K. sound recordings without authorization. Recordings featured classical performances recorded in Europe in 1930s, and are now public domain in U.K. Defendant asserted waiver and abandonment of U.S. rights by plaintiff because plaintiff advised curator of Yale University Historical Sound Recordings Collection that it claimed no rights in any pre-1957 recordings, and plaintiff knew that Yale made recordings available to commercial entities for re-issue. Court also noted that plaintiff itself did not assert copyright in recordings on its own re-issues, nor did it pursue unauthorized re-issues by numerous third parties. Accordingly, court held that plaintiff had voluntarily relinquished rights in recordings.

Hustlers, Inc. v. Thomasson, 65 U.S.P.Q.2d 1037 (N.D. Ga. 2002)

Defendants' motion for summary judgment and motion to dismiss granted in part and denied in part. In 1993, defendant Thomasson, songwriter and recording artist, entered into agreement with plaintiff Hustlers, music publisher, whereby Thomasson assigned to Hustlers all copyright interests in works he authored or co-authored through June 1999.

Current ownership of copyrights is split among Hustlers (or Thomasson) and other music publishers. Prior to 1999, defendant Sanctuary, record company, entered into license agreements with Hustlers and agreed to pay Hustlers royalty for right to distribute certain compositions Thomasson co-authored. In March 1999, Thomasson notified Sanctuary that his relationship with Hustlers had ended, and that Sanctuary should instead forward royalty payments to co-defendant Justice Writers, music publisher. Sanctuary, which had license from at least one co-owner of each composition, began sending royalty payments to Justice Writers, and continued to distribute compositions. Hustlers registered its copyright interests in April 2001 and sued, alleging copyright infringement and various state law claims and seeking attorneys' fees and statutory damages. Court held Sanctuary's continued distribution of compositions did not violate Copyright Act because Sanctuary had license to distribute compositions from co-owners of copyrights. License from co-owner of copyright is defense to infringement suit brought by another of co-owners, court held, noting that in suits between co-owners courts have found defendants incapable of copyright infringement. Simplicity of "co-owner licensee defense" is due to availability of more direct remedy for plaintiff with royalty claim, in form of accounting from entity that wrongfully received royalties.

VII. REMEDIES

A. Damages and Profits

Mackie v. Rieser, 296 F.3d 909 (9th Cir. 2002)

Ninth Circuit affirmed order denying indirect profits damages and actual damages for alleged infringement of copyright in outdoor art installation entitled "The Dance Steps." Plaintiff was commissioned by City of Seattle to create sidewalk installations, images of which were incorporated into defendants' promotional materials. Upon discovery of defendants' use, plaintiff unsuccessfully sought remuneration from defendants, then brought suit. Plaintiff could not claim statutory damages because he did not have copyright registration at time of infringement, and he had no evidence of direct profits. After bench trial on actual damages, court found insufficient evidence to award direct profits or lost earnings, and awarded plaintiff $1,000 royalty plus litigation costs. Following standard of *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505 (9th

Cir. 1985), Court of Appeals affirmed trial court's findings. Court reaffirmed that infringement plaintiff seeking indirect profits under § 504(b) of Copyright Act must proffer sufficient non-speculative evidence to support causal relationship between infringement and profits generated indirectly from such infringement. Plaintiff here failed to prove requisite causal link between infringement and indirect profits. Plaintiff also appealed $1,000 royalty award because district court did not consider plaintiff's subjective view of infringement. Court of Appeals affirmed award, finding that amount of damage is properly measured by objective market analysis.

Bruce v. Weekly World News, Inc., 310 F.3d 25 (1st Cir. 2002)

Plaintiff, freelance photographer, consigned photograph of Bill Clinton shaking hands to stock photo agency. Defendant supermarket tabloid obtained photograph from agency and altered it without permission to show Clinton shaking hands with "Space Alien." Defendant, without coming to terms with agency, used altered picture on cover of paper, on T-shirts, and in advertising. Plaintiff sued for copyright infringement in 1998, and U.S. District Court for District of Massachusetts awarded plaintiff $20,142 in damages. Plaintiff appealed damages award, arguing, inter alia, that district court erroneously awarded him only 50% of $2,200 in licensing fees to reflect plaintiff's agreement with stock photo agency to share all fees equally. Since agency went out of business in 1992, Plaintiff contended he was entitled to 100% of fees thereafter. First Circuit agreed. Court acknowledged plaintiff freely contracted away his right to 50% share of royalty fees. However, since stock photo agency is now defunct, its share would either be retained by defendant or remitted to plaintiff. Defendant, if permitted to keep agency's share, would realize unfair windfall, resulting in unjust enrichment; justice and equity mandated disgorgement. To extent defendant is copyright infringer, plaintiff unquestionably is more deserving recipient.

Bowers v. Baystate Technologies, Inc., 320 F.3d 1317 (Fed. Cir. 2003)

Federal Circuit affirmed modification of damages award in case involving claims of copyright and patent infringement. Harold L. Bowers created and patented template to improve computer-aided design (CAD) software. Bowers bundled template with related software and sold it under shrink-wrap license agreement prohibiting reverse engineering. Bowers entered into distribution agreement with software maker Cadkey, Inc., under which Cadkey bundled Bowers' software for free, and Bowers hoped to make money selling software upgrades. When Baystate acquired Cadkey, it repudiated agreement, and filed complaint against Bowers in

U.S. District Court for the District of Massachusetts, seeking declaration that Baystate's products did not infringe Bowers' patent, and that patent was invalid and unenforceable. Bowers counterclaimed for copyright infringement, patent infringement, and breach of contractual prohibition of reverse engineering. Jury found for Bowers on all claims, and awarded him $1,948,869 for copyright infringement, $3,831,025 for breach of contract, and $232,977 for patent infringement. District court set aside copyright damages as duplicative of contract damages and entered judgment for $5,270,142, including prejudgment interest. Baystate appealed, and Bowers cross-appealed denial of copyright damages. Federal Circuit affirmed judgment for breach of contract, and amount of award. However, district court did not abuse discretion by dropping damages for infringement as duplicative of damages for breach of contract because claims arose from same acts of copying.

TVT Records v. Island Def Jam Music Group, 262 F. Supp. 2d 185 (S.D.N.Y. 2003)

Court allowed jury to be instructed on awarding punitive damages in copyright action involving rap tracks "Get Tha Fortune" and "The Rain" by Ja Rule and group, Cash Money Click. Distinguishing several cases which held punitive damages unavailable for "statutory copyright actions," court held that where statutory damages are unavailable, as for "The Rain," or where action "is not limited to statutory damages" as for "Get Tha Fortune," award of actual damages and profits is "compensatory only and does not address the interests of deterrence and punishment that are reflected in . . . both punitive damages and statutory damages for willful infringement." Ostensibly contrary holding in *Leutwyler v. Royal Hashemite Court of Jordan*, 184 F. Supp. 2d 303 (S.D.N.Y. 2001), was not applied because it relied on 1983 dicta from Second Circuit which Second Circuit itself has recently "softened" to make unavailability of punitive damages merely "general rule" rather than outright prohibition of such awards. Court also noted that *Modern Federal Jury Instructions* by Judge L. Sand includes model instruction on punitive damages for copyright infringement, which fact "is itself inconsistent with the view that punitive damages are categorically unavailable under the Copyright Act." Jury was thus given "essentially verbatim" version of model instruction by Judge Sand, and returned verdict for $132 million, $108 million of which was punitive. Court concluded, "it is not lost on this Court that some higher authority may subsequently have occasion to squarely consider this question, at which point, one way or the other, a clear answer may emerge." Appeal pending.

Fournier v. McCann Erickson, 242 F. Supp. 2d 318 (S.D.N.Y. 2003)

Defendants' motion *in limine* to exclude plaintiff's damages evidence denied in part and granted in part. Plaintiff Fournier sued Microsoft and advertising agency McCann Erickson for copyright infringement arising out of alleged use of Fournier's photograph in advertising campaign for Windows 2000. Plaintiff sought to establish damages by introducing evidence regarding (a) Microsoft's gross revenues from Windows 2000, and (b) McCann's advertising campaign revenues for Windows 2000 account. Defendants objected, claiming evidence bore no reasonable relationship to alleged infringement and was unfairly prejudicial. Court, citing *Fitzgerald Publishing Co. v. Baylor Publishing Co.*, 807 F.2d 1110 (2d Cir. 1986), stated that copyright owner is required to present proof only of infringer's gross revenue; burden then shifts to alleged infringer to prove deductible expenses and elements of profit not attributable to copyright owner's work. Quoting *Davis v. Gap, Inc.*, 246 F.3d 152 (2d Cir. 2001), court clarified that "gross revenue" in this context means gross revenue reasonably related to infringement. Court concluded that plaintiff could offer evidence of Microsoft's sales or profits from Windows 2000, but not from other products or services. Similarly, plaintiff could offer evidence of McCann's overall profits but only from supplying advertising and marketing services for Windows 2000. Because defendants did not supply direct evidence during discovery of Microsoft's net sales or profits from Windows 2000, court stated plaintiff need only "establish a basis for a reasoned conclusion" from which court could extrapolate to determine recovery. Thus, plaintiff could present documents concerning Microsoft's relationship with its advertising agency, internal consistency of advertising campaign, chronology of ads promoting Windows 2000, targeted sales figures and marketing strategies for Windows 2000, and redacted contract between Microsoft and McCann.

Fournier v. McCann Erickson, 202 F. Supp. 2d 290 (S.D.N.Y. 2002)

District court granted defendants' motion for summary judgment dismissing statutory damages claim asserted by plaintiff in infringement case relating to photograph commissioned for nationwide advertising campaign. Defendant was commissioned in 1999 to launch campaign which included image of casually dressed man walking to work among traditionally dressed businessmen. Defendant hired plaintiff for speculative assignment and gave plaintiff exemplar of basic concept. Plaintiff shot over 200 photographs based on defendant's concept, but negotiations for license ended without agreement, and defendant used another photographer's image, which ran in advertisement from January to May 2000. Plaintiff obtained copyright registration for his image on March 13, 2000, and commenced this action alleging infringement, unfair competition and tortious

misappropriation of good will based on allegedly substantial similarities between plaintiff's photographs and image appearing in advertising campaign. Plaintiff claimed entitlement to statutory damages, which court rejected. Section 412 of Copyright Act requires that plaintiff, to be entitled to statutory damages for unpublished work, have obtained copyright registration before infringement occurred. Here, plaintiff's registration was obtained after start of defendants' advertising campaign, so summary judgment granted in favor of defendants.

Stevens v. Aeonian Press, Inc., 64 U.S.P.Q.2d 1920 (S.D.N.Y. 2002)

Court awarded statutory damages of $480,000 to plaintiff for willful infringement of sixteen works by Louis Bromfield. Noting that plaintiff had elected statutory damages, court considered following criteria: expenses saved and profits reaped by defendants, revenues lost by plaintiffs, value of copyright, deterrent effect of award on other potential infringers, and factors relating to individual culpability (including innocence or willfulness of conduct, whether defendant cooperated in providing records to assess value of infringing materials, and potential of award for discouraging defendant). Noting that statutory damages between $750 and $30,000 per work were permitted under § 504(c)(1) of Copyright Act and that limit increased to $150,000 per work for willful infringement, court awarded $30,000 for each work infringed. Net profits reaped by defendants varied between $91.12 and $3,685.68 for each infringed work and totaled $17,930.75; defendants also received $1,946.68 in royalties from their publisher for publication of infringing works. However, court, noting that award of statutory damages should further Copyright Act's objective of compensating owners for past infringement and deterring future infringement, cited case law supporting proposition that statutory damages are frequently large multiples of actual damages. Furthermore, court noted that, for at least twenty-one years, defendants in this case had repeatedly reprinted works without permission, citing other cases against defendants and activities that could not serve as basis for actual damages calculation because prior to three-year statute of limitations. Finally, court was convinced that one defendant (who controlled defendant company) chose to continue infringing conduct for as long as he could get away with it. Court also noted that same defendant was not forthcoming with information and documents, but discovery had shown that defendants possessed sizable assets, had made sizeable unexplained expenditures, and had transferred over $1.5 million of personal assets to limited partnerships for benefit of their children since inception of litigation.

Jackson v. Sturkie, 255 F. Supp. 2d 1096 (N.D. Cal. 2003)

District court granted plaintiff songwriter's motion for default judgment against defendant, performer, in case involving infringement of song "Cross in the Middle." Plaintiff sued defendant for infringement based on defendant's song "Man in the Middle." After entering and vacating default judgment, parties reached settlement and court entered consent decree. When defendant failed to pay required payments under consent decree, plaintiff renewed motion for default judgment and requested statutory damages, injunctive relief, and award of attorneys' fees and costs. Plaintiff also sought recovery of $4,200 from defendant's former counsel, who allegedly represented that he had placed first of defendant's payments in his client trust account and would pay sum once consent decree was entered. Citing defendant's failure to actively "or even passively" engage in defense of his case, court entered default judgment. Taking plaintiff's allegations as true, court concluded that defendant willfully infringed plaintiff's song. Court found that statutory damages were particularly appropriate because defendant's actions made it difficult to ascertain actual damages. Court awarded $33,474, twice amount of royalties paid to defendant by record company for sale of recordings containing infringing song. Court also found plaintiff's request for attorneys' fees and costs to be reasonable, and awarded $9,342.20.

Music City Music v. Delta Radio, Inc., 66 U.S.P.Q.2d 1367 (N.D. Miss. 2003)

District court granted plaintiffs' motion for summary judgment. Plaintiffs sued for copyright infringement based on unauthorized public performance of twelve songs over radio station WDTL-FM. Plaintiffs had granted American Society of Composers, Authors, and Publishers ("ASCAP") nonexclusive right to license non-dramatic public performance of musical compositions. Defendants owned and operated WDTL. In April 1997, ASCAP notified defendants that WDTL's license had been terminated, and thereafter offered to reinstate license retroactively if defendants would pay past-due license fees. Defendants declined, but continued to perform music from ASCAP repertoire, and "lawsuit was brought against defendants almost identical to the instant action." Action was settled, defendants signed another ASCAP license agreement, and again became delinquent. ASCAP again notified defendants that they were in default and provided opportunity to cure. New license agreement was terminated in August 2001, and ASCAP again offered to reinstate license on payment of past-due license fees. Defendants once again declined, and continued to play ASCAP compositions without permission. Court held defendants infringed plaintiffs' exclusive right to perform works publicly pursuant to § 106(4). Court noted that if defendants had been properly licensed dur-

ing relevant period, they would owe over $22,000 in license fees. Court found plaintiffs' request for statutory damages of $5,000 per violation, or $60,000 total — amount less than three times what defendants would have paid for license — to be just, and awarded statutory damages in that amount.

Associated Residential Design, LLC v. Molotky, 226 F. Supp. 2d 1251 (D. Nev. 2002)

Defendants obtained set of plaintiff's architectural drawings and used them to build home in same subdivision as home previously built using plaintiff's drawings. For purpose of motion for partial summary judgment, defendants did not dispute plaintiff's allegation of copyright infringement. Defendants argued, however, that plaintiff could not recover lost profits under § 504(b) because defendants had not sold home and therefore had not realized profit from any sale of infringing item. Denying defendants' summary judgment motion, district court recognized that plaintiff could not recover direct profits because there were no profits realized from actual sale of home constructed using plaintiff's copyrighted plans. Plaintiff could, however, recover indirect profits. Court reasoned that although defendants had not sold home, they may "have 'profited' from its construction," because "the value of the home could be greater than the cost to build it."

Hernandez v. Sony, 66 U.S.P.Q.2d 1143 (D.P.R. 2003)

Plaintiffs' motion for entry of default judgment granted. Plaintiffs, heirs to composer Guillermo Venegas Lloveras, sued several record producers alleging infringement of copyrights in musical compositions. Defendant Sonolux, Inc. failed to answer complaint, and default was entered against Sonolux in January 2002. Court noted that after entry of default, it must accept as true all well-pleaded factual allegations in complaint; consequently, defendant's willful infringement had been established. Noting willful nature of defendant's conduct as well as potential to discourage future infringement, court awarded $100,000 statutory damages for each of sixteen works infringed, despite "little or no evidence [having] been presented regarding the value of Plaintiffs' copyright, revenues lost by Plaintiffs or profits gained by Defendant," since "these omissions are largely due to Defendant's failure to answer the complaint." Amount will sufficiently protect plaintiffs' proprietary rights and notice defendant of need to respect copyright protections in future, court stated.

B. Attorneys' Fees

Queenie, Ltd. v. Nygard Int'l, 321 F.3d 282 (2d Cir. 2003)

Second Circuit affirmed award of punitive damages for tortious interference counterclaim in copyright action. Queenie had sued Nygard for alleged copyright infringement in two fabric designs. Nygard counterclaimed for tortious interference and convinced jury that Queenie had learned that Nygard was going to use certain fabric designs created by third party and then fraudulently obtained copyright registrations so as to sue Nygard when its products came on market. Jury awarded Nygard $1.5 million in damages on counterclaim. Appellants challenged award of punitive damages after verdict but district court rejected challenge because appellants had not objected to jury charge permitting punitive damage award and because appellants had agreed to bifurcation agreement which waived contention that punitive damages could not be awarded absent compensatory damages. Court upheld reasoning of district court on appeal of punitive damages.

Ets-Hokin v. Skyy Spirits, Inc., 323 F.3d 763 (9th Cir. 2003)

Court of Appeals affirmed summary judgment in favor of defendant and denied defendant's motion for attorneys' fees. Plaintiff photographer sued defendant for use of photographs of defendant's blue vodka bottle in advertising campaign which allegedly infringed his photographs of same bottle. Court of Appeals disagreed with district court's finding that plaintiff's photographs were not sufficiently original to merit copyright protection and remanded, noting that protection is limited by doctrines of merger and scènes à faire. District court, on remand, again granted summary judgment for defendant, and Court of Appeals affirmed, holding merger and scènes à faire doctrines rendered defendant's photos non-infringing. Given absence of abuse of discretion, Court of Appeals affirmed district court's denial of attorneys' fees to defendant. Court of Appeals applied factors from *Fogerty v. Fantasy, Inc.*, 510 U.S. 517 (1994), and found only factor to favor defendant was degree of success defendant obtained. Remaining factors were either neutral or favored denial of fees.

Gonzales v. Transfer Technologies, Inc., 301 F.3d 608 (7th Cir. 2002)

Seventh Circuit vacated and remanded order denying attorneys' fees for infringement of plaintiff's T-shirt designs. Plaintiff owned copyrights in T-shirt designs. Defendant produced and sold temporary tattoos copying plaintiff's designs. District court awarded minimum statutory damages of $750 for each of four infringed copyrights, but declined to award attorneys' fees on ground that defendant's actions, "though willful, are not the kind of flagrant behavior that would justify an award of attorneys' fees."

Appeals court acknowledged that district court has wide discretion in granting attorneys' fees; Seventh Circuit requires, however, that district court explain grounds for decision "in sufficient depth to enable their reasonableness to be determined." Court remanded for further consideration, noting that "[t]he smaller the damages, provided there is a real, and especially a willful, infringement, the stronger the case for an award of attorneys' fees." Court went "so far as to suggest, by way of refinement of the *Fogerty* standard, that the prevailing party in a copyright case in which the monetary stakes are small should have a presumptive entitlement to an award of attorneys' fees."

Bond v. Blum, 317 F.3d 385 (4th Cir. 2003)

Court of Appeals affirmed in part and remanded in part district court's grant of summary judgment and attorneys' fees. Plaintiff's wife, Alyson Slavin Bond, sued former husband William Slavin in Maryland state court for exclusive custody of their three children. Slavin introduced into evidence excerpts from plaintiff Bond's manuscript entitled *Self-Portrait of a Patricide: How I Got Away With Murder.* Manuscript describes how Bond, as juvenile, planned and committed brutal murder of his father, then "fool[ed] the police and the juvenile system to 'get away scot-free'" and collect money from father's estate. Bond gave copy of manuscript to attorney in unsuccessful effort to obtain publishing contract. Wife's father obtained copy of manuscript from attorney's widow and gave it to Slavin, who used it in custody proceeding in effort to prove Bond's home was not suitable for children. Bond thereafter registered copyright in manuscript and commenced suit against Slavin, Slavin's attorneys, wife's father and others, claiming copyright infringement. District court granted summary judgment to defendants, finding use of manuscript in custody proceeding was fair use, and awarded attorneys' fees to individual defendants as prevailing parties under § 505 of Copyright Act; court, however, refused to grant fee award to law firm because lawyers appeared pro se. Court of Appeals affirmed award of attorneys' fees to individual defendants, noting (1) Bond misused Copyright Act in attempt to suppress underlying facts of manuscript rather than to safeguard creative expression, and (2) district court's finding that fair use question was "not a close one" and that Bond's position was "frivolous." On denial of attorneys' fees to law firm defendants, court noted that principles for application of pro se exception do not apply in circumstances where entities represent themselves through in-house or pro bono counsel. While representation of law firm by one of its members presents increased risk of emotional involvement and loss of independence, law firm remains entity distinct from members, and member representing firm represents firm's interest in agency relationship. In instant case, court noted, there was no indication of relationship that tended

to distort independent judgment. Court accordingly vacated refusal to award fees to law firm defendants and remanded case, authorizing district court to award fees in its discretion.

Video-Cinema Films, Inc. v. Cable News Network, Inc.; *Video-Cinema Films, Inc. v. Am. Broad. Cos., Inc.*; *Video-Cinema Films, Inc. v. CBS Corp.*, 66 U.S.P.Q.2d 1473 (S.D.N.Y. 2003)

District court granted defendants' motion for attorneys' fees and costs in related cases involving claims of infringement for defendants' broadcasts of footage from motion picture *The Story of G.I. Joe* after death of actor Robert Mitchum, who appeared in film. Plaintiff claimed defendants violated Copyright Act by broadcasting footage as part of obituary for actor. Plaintiff was not original owner of copyright in film, but bought copyright to pursue infringement actions retroactively and used threat of litigation to demand payment from defendants for use of film footage, which court ultimately deemed was fair use and served public interest in reporting news. On defendants' motion for attorneys' fees and costs, district court found plaintiff's actions frivolous and objectively unreasonable under 17 U.S.C. § 505, and that plaintiff made objectively unreasonable factual and legal arguments. *See* VI. A. Fair Use, *supra*.

Stevens v. Aeonian Press, Inc., 64 U.S.P.Q.2d 1920 (S.D.N.Y. 2002)

Court awarded attorneys' fees to plaintiff copyright owners after finding infringement of sixteen works authored by Louis Bromfield. Court noted that, given willful nature of infringement fee, award was appropriate and in line with statutory goals of compensating copyright owner and deterring future infringement. Court stated that factors to be considered in determining reasonable attorneys' fees included amount of work involved, skill employed, damages at issue, and result achieved. Moreover, it noted that Second Circuit had adopted lodestar method whereby prevailing party's counsel's rates are compared to those of lawyers of similar skill and experience in community. In concluding that plaintiffs were entitled to fee award, court noted that plaintiffs' counsel submitted extensive materials in support of award (including declarations, detailed contemporaneous time records and records of expenses, statement regarding billing rates, invoices, and explanation of time spent); defendants' objections consisted of conclusory allegations that time spent and billing rates were excessive; plaintiffs' counsel's rates were within range of fees charged by attorneys of similar experience and skill at New York-area firms of similar size and stature; rates presented were those actually charged to plaintiffs, who were long-term clients; plaintiffs' counsel's representation evidenced substantial expertise consistent with her resume; prosecution of case was vigorous but

not overzealous; quality of plaintiffs' counsel's submissions at trial was high; plaintiffs were highly successful with case and were awarded significant statutory damages; and defendants' reluctance or inability to provide discovery required plaintiffs' counsel to incur extra time and expense. Court noted that only deduction from plaintiffs' attorneys' fees should be time charged for work related to reversion of copyrights to plaintiffs from publisher because this work would have been necessary anyway to allow plaintiffs to make use of their copyrights.

Elements/Jill Schwartz, Inc. v. Gloriosa Co., Copyr. L. Rep. ¶ 28,552 (S.D.N.Y. 2002)

Court granted fees to defendant after voluntary dismissal of copyright claim. Plaintiff and defendant manufactured similar products, including journals and picture frames. Plaintiff used fabric, ribbons and small metal pieces to decorate most of its products; portion of defendant's line was manufactured with similar materials. Plaintiff asserted copyright and trade dress claims against defendant, first in cease-and-desist letter, then in lawsuit. Although it provided copyright registrations, plaintiff never identified which of defendant's designs infringed which copyrights, despite repeated requests from defendant. One year after commencing lawsuit, plaintiff proposed withdrawing its copyright claim. Plaintiff agreed to dismiss claim with prejudice, but asked that dismissal be without costs to any party. Court's order dismissed copyright claim without reference to fees or costs. Trade dress claims were eventually dismissed by summary judgment motion. On defendant's present motion for attorneys' fees and costs, court recognized that bad faith in conduct of litigation is valid basis for awarding fees. Plaintiff's conduct was of sufficient frivolity and bad faith as to warrant costs, since plaintiff never articulated specific instance of infringement. Since identifying specific instance of infringement was most basic element of copyright infringement case, court took plaintiff's inability to identify such instance as compelling circumstantial evidence that claim was unreasonable and brought in bad faith. Defendant's motion for costs was therefore granted, but was limited to costs and fees directly linked to copyright claim.

Ackerman v. Pascal, Copyr. L. Rep. ¶ 28,524 (S.D.N.Y. 2002)

District court denied defendant's application for attorneys' fees arising out of plaintiff's action for declaratory judgment. Plaintiffs wanted to produce revival of musical *Carnival*, and sought judicial declaration that rights of defendants, successors in interest of Michael Stewart, who contributed to stage version of musical, are limited to Stewart's contribution. Plaintiffs, after reviewing 1961 contract for stage version, realized they could produce musical without judicial declaration, and withdrew complaint. De-

fendants sought attorneys' fees under 17 U.S.C. § 505 on ground that declaratory judgment action was objectively unreasonable, since plaintiffs' decision to withdraw complaint was based on documents in possession of co-counsel and relied on in complaint. Court found plaintiffs' claim was not frivolous, nor was it abandoned because discovery revealed it lacked merit; instead, plaintiffs withdrew because "they became convinced that they had sufficient documentation to refute" claim by defendants to potential investors that work could not be produced without defendants' consent. Because plaintiffs could not be considered to have admitted that defendants would have prevailed if action continued, defendants were not "prevailing party." Further, even if defendants could be considered prevailing party, court would not exercise discretion to award attorneys' fees, since it was not objectively unreasonable for plaintiffs to commence action to protect rights against interference by defendants.

Broad. Music, Inc. v. Old Colonial Corp., 62 U.S.P.Q.2d 1685 (D. Mass. 2002)

Court granted summary judgment, holding defendant tavern proprietors vicariously liable for copyright infringements committed by bands hired by them to play at Boston pub. Defendants allowed unauthorized public performance of musical compositions for which plaintiff is exclusive licensor. Court, noting "[t]he cast of the vicarious liability net is wide," cited *Gershwin Publishing Corp. v. Columbia Artists Management*, 443 F.2d 1159 (2d Cir. 1971), for proposition that "even in the absence of an employer-employee relationship one may be vicariously liable if he has the right and ability to supervise the infringing activity and also has a direct financial interest in such activities." Court granted plaintiffs' request for $2,220.00 statutory damages for each of twelve infringements, noting award was "especially reasonable in light of the persistent efforts made by the plaintiffs over an extended period of time to obtain the defendants' compliance." Court awarded $6,680.90 in attorneys' fees and costs, noting amount was also "reasonable in light of the plaintiffs' efforts and the statutory award of $26,640.00." Court also granted plaintiffs' request for injunctive relief, permanently enjoining defendants from infringing "each and all" of musical compositions licensed by BMI.

C. Injunction/Impoundment

Bourne v. Walt Disney Co., 67 U.S.P.Q.2d 1199 (S.D.N.Y. 2003) (not published in F. Supp. 2d)

District court denied motion for preliminary injunction. Plaintiffs, owners of copyright in musical composition "On the Good Ship Lollipop," licensed song to Disney affiliate for TV movie *Child Star – The Shirley Tem-*

ple Story. License agreements excluded use of song in connection with promotion of videocassettes, videodiscs or DVDs. Defendants used song in trailer included in 10 million home video copies of Disney film *The Princess Diaries*. Plaintiffs sued Disney and others for copyright infringement, and moved for preliminary injunction to enjoin Disney from reproducing or distributing unauthorized videocassettes or other media embodying song. Court found plaintiffs had demonstrated likelihood of success on merits with respect to copyright infringement claim. However, court refused to issue preliminary injunction. Court relied on testimony from Disney official that no infringing videos were manufactured after January 2002, when plaintiff notified Disney of objection to unauthorized use; that Disney divisions were ordered to cease production and distribution of videos; and that videos had been removed from Disney-owned outlets. Because record reflected that infringing conduct had ceased, with no reasonable expectation that it would resume, there was no basis to conclude plaintiffs would suffer irreparable harm in absence of preliminary injunction, court held.

U2 Home Entm't, Inc. v. Chun Pook Tan, 209 F. Supp. 2d 299 (S.D.N.Y. 2002)

Court confirmed order of seizure after finding no merit to defendants' claim that plaintiff consented to their copying of subject videotapes. Plaintiff alleged defendant engaged in unauthorized copying and piracy of Asian films in which it asserted rights as exclusive U.S. licensee. Court ordered impoundment of videotapes, and defendant challenged order in part on ground that plaintiff consented to defendants' allegedly infringing activity. Defendants claimed plaintiff created pricing scheme under which purchase of videotapes at higher price allowed defendants to make further copies of tapes. Plaintiff denied allegations, and court agreed that "the claim is contrary to common sense." Evidence showed defendants frequently purchased multiple copies of given titles; to do so made no sense "if, as defendants claimed, the purchase of a single copy carried plaintiff's consent to make additional copies." Court confirmed order of seizure for seventy-three allegedly infringing works.

Music City Music v. Delta Radio, Inc., 66 U.S.P.Q.2d 1367 (N.D. Miss. 2003)

District court granted injunction prohibiting defendants from further infringing plaintiffs' copyrights. Plaintiffs sued for copyright infringement based on unauthorized public performance of twelve songs over radio station WDTL-FM. Plaintiffs had granted American Society of Composers, Authors, and Publishers ("ASCAP") nonexclusive right to license nondramatic public performance of musical compositions. Defendants owned

and operated WDTL. In April 1997, ASCAP notified defendants that WDTL's license had been terminated, and thereafter offered to reinstate license retroactively if defendants would pay past-due license fees. Defendants declined, but continued to perform music from ASCAP repertoire, and "lawsuit was brought against defendants almost identical to the instant action." Action was settled, defendants signed another ASCAP license agreement, and again became delinquent. ASCAP again notified defendants that they were in default and provided opportunity to cure. New license agreement was terminated in August 2001, and ASCAP again offered to reinstate license on payment of past-due license fees. Defendants once again declined, and continued to play ASCAP compositions without permission. Court held defendants infringed plaintiffs' exclusive right to perform works publicly pursuant to § 106(4). Court found plaintiffs entitled to permanent injunction, since defendants willfully persisted in infringing conduct despite repeated warnings about unlicensed broadcasts, and since under circumstances there was substantial likelihood of continuing infringement if injunction not granted. Court entered injunction which "shall be permanent, or shall last until such time as defendants obtain a license to perform plaintiffs' copyrighted material."

JCW Invs., Inc. v. Novelty, Inc., 222 F. Supp. 2d 1030 (N.D. Ill. 2002)

Court granted preliminary injunction motion sought by plaintiff toy manufacturer alleging infringement of plaintiff's "Pull My Finger Fred" doll. Court held that defendant's purported cessation of selling allegedly infringing toys did not rebut presumption of irreparable injury or obviate need for preliminary injunction, since requested injunction addressed "manufacturing, importing, promoting . . . offering for sale or otherwise distributing the plush toys 'Fartman,' 'Fartboy' and any other work that is substantially similar" to plaintiff's doll.

D. Sanctions

Scholastic, Inc. v. Stouffer, 221 F. Supp. 2d 425 (S.D.N.Y. 2002)

Court awarded monetary sanctions of $50,000 against author who falsified evidence to support spurious infringement claim against popular *Harry Potter* children's book series. Plaintiffs, respectively author, publisher and owner of film rights in *Potter* series, brought action for declaratory and injunctive relief after failing to resolve differences with defendant author, who claimed infringement of her intellectual property rights in series of "Larry Potter" stories. Defendant counterclaimed that cover illustrations of *Harry Potter* books infringed her copyrights in illustration from her book, *Larry Potter and His Best Friend Lilly*, purportedly published in

1988, nine years before publication of plaintiff author's first *Harry Potter* book, *Harry Potter and the Philosopher's Stone*. Court found no evidence of infringement, and found instead, based largely on expert graphic and typographical evidence, that allegedly infringed booklet, and six other "Larry Potter" documents purported to have been created in 1980s — including magazine advertisement, screenplay, merchandise featuring word "Muggles," and forged invoices — could not have been created prior to successful *Potter* works. Court also made separate statutory award of attorneys' fees and costs under Lanham Act concerning dismissed trademark infringement counterclaims asserted by defendant.

VIII. PREEMPTION

In re World Auxiliary Power Co., 303 F.3d 1120 (9th Cir. 2002)

Competing claims of ownership of unregistered copyrights in drawings, technical manuals, blueprints and software created by three affiliated companies for use in modification of civilian aircraft turned on whether California Uniform Commercial Code or Copyright Act applied. To obtain financing, companies gave bank security interest in copyrights, which bank perfected pursuant to Article 9 of U.C.C. by filing UCC-1 financing statements with Secretary of State. Three companies simultaneously filed for bankruptcy. In order to avoid bank's security interest, several companies who were planning joint venture purchased debtors' assets from bankruptcy trustees, including trustees' right to sue bank to avoid security interest. Joint venture fell through and, as result of various assignments of trustees' rights, Aerocon and Airweld owned copyrights and trustees' avoidance action as tenants in common. At same time, bank foreclosed on copyrights based on security interest and copyrights ultimately transferred to Airweld, which claimed to own copyrights in fee simple rather than as tenant in common with Aerocon. Affirming district court, Ninth Circuit held that U.C.C., under which Airweld had sole ownership rights, was controlling law, not § 205 of Copyright Act. Security interest in unregistered copyright under Article 9 of U.C.C. may be recorded in Copyright Office. However, since unregistered copyright does not have registration number, it cannot be recorded in "manner required to give constructive notice" under § 205(c). Therefore, there "just isn't any way for a secured creditor to preserve a priority in an unregistered copyright by recording anything in the Copyright Office." "Step-back" provisions of U.C.C., which require deference to federal statute regulating rights of parties, not applicable because Copyright Act "doesn't provide for the rights of secured parties to unregistered copyrights; it only covers the rights of secured parties in *registered* copyrights." Similarly, Copyright Act is comprehensive with respect to registered copyrights but "as applied to unregistered copyrights, the Act doesn't have comprehensive recording provisions." Therefore, Copyright

Act preempts U.C.C. with respect to recording and priority of security interests in registered copyrights, but not unregistered copyrights.

Bowers v. Baystate Technologies, Inc., 320 F.3d 1317 (Fed. Cir. 2003)

Under First Circuit law, Federal Circuit held claim for breach of shrink-wrap license was not preempted. Plaintiff Bowers created and marketed template to improve computer aided design (CAD) software. Defendant Baystate, which developed and marketed other CAD tools, purchased copy of Plaintiff's product and three months later released its own version, which incorporated many features of Plaintiff's product. Baystate filed declaratory judgment action that it did not infringe Bowers' patent and Bowers filed counterclaims for patent infringement, copyright infringement and breach of shrink-wrap license contract contained in his marketed software product. Jury awarded damages in Bowers' favor for all three of his claims. District Court of Massachusetts set aside copyright damages as duplicative of contract damages. Baystate appealed patent infringement finding and Plaintiff Bowers appealed court's dismissal of copyright damages. Court reversed patent infringement finding but upheld contract damages and dismissal of copyright damages. Although First Circuit had not expressly addressed issue before, Federal Circuit found that under First Circuit law Copyright Act did not preempt contract claim with regard to shrink-wrap license, reasoning that freedom of contract should not be interfered with by Copyright Act. Court found that shrink-wrap license contained with Bowers' product unambiguously prohibited reverse engineering and record provided ample support for jury's finding that Baystate had engaged in reverse engineering. Since breach of contract damages arose from same copying and included same lost sales as copyright damages, however, court upheld dismissal of copyright damages award. Court explicitly stated that its decision did not affect decision in *Atari Games Corp. v. Nintendo of America, Inc.*, 975 F.2d 832 (Fed. Cir. 1992), where court had held fair use exception to be applicable to reverse engineering, because present case, involving state law contract claim with additional elements of proof, did not conflict with circumstances under which reverse engineering not copyright infringement. One judge dissented with regard to Court's analysis of First Circuit law on preemption issue, arguing that preemption should apply only where contract freely negotiated, not to shrink-wrap license. Dissent urged that Court follow Fifth Circuit decision in *Vault Corp. v. Quaid Software, Ltd.*, 847 F.2d 255 (5th Cir. 1988), which held that state law prohibiting all copying of computer programs was preempted by Act because it created easy way to use state law to eliminate fair use defense.

Grauer v. Deutsch, 64 U.S.P.Q.2d 1636 (S.D.N.Y. 2002)

Defendant's motion for partial summary judgment granted in part and denied in part. Plaintiff collaborated with defendant, prominent artist and photographer, on two series of photographs. After parties had "falling out," defendant allegedly exhibited photographs under defendant's name alone. Plaintiff sued, seeking determination of joint authorship, and for, inter alia, violation of right of attribution under Copyright Act § 106A (Visual Artists Rights Act ("VARA")), violation of right to claim ownership under New York Arts & Cultural Affairs Law, breach of contract, fraud, tortious interference with economic relations, unfair competition, and unjust enrichment. Right to claim ownership under New York Arts & Cultural Affairs Law is comparable to that conferred by VARA, court noted; claim, accordingly, was preempted by federal Copyright Act. Breach of contract claim was not preempted insofar as it was based on failure to attribute coauthorship of photographs to plaintiff, since such claim did not relate to right protected under § 106 of Act. Contract claim was preempted, however, to extent based on breach of alleged agreement to be coauthors, and to share proceeds of works. Claims for unfair competition and unjust enrichment were "efforts to repackage in common law garb the essence of the claims under the Copyright Act and the VARA," and accordingly were preempted. Court declined, however, to dismiss as preempted claim for tortious interference with economic relations between plaintiff and non-parties. Defendant sought dismissal on theory that only wrongful conduct alleged was exploitation of photographs without proper acknowledgment, asserting such claim was preempted. It was not clear, however, that plaintiff's claim was so limited; nor had defendant established absence of genuine issue of material fact as to other elements of claim. Accordingly, dismissal would be premature.

Groubert v. Spyglass Entm't Group, 63 U.S.P.Q.2d 1764 (C.D. Cal. 2002)

Court denied defendants' motion to dismiss breach of contract and breach of confidence claims on grounds of preemption. Plaintiff pitched idea for story and presented copies of treatment to defendant entertainment companies. Plaintiff alleged that defendants produced movie based upon plaintiff's ideas, treatment and story pitch, and brought action for copyright infringement, unfair competition, breach of contract, breach of confidence, declaratory relief and injunctive relief. Court held that rights created by alleged implied contract were not covered under protections of Copyright Act, and therefore breach of contract claim was not preempted. Court rejected "simple rote approach to finding that a breach of contract action is not preempted," noting "it is arguable that the promise under the alleged implied contract is no more than the promise not to infringe on

Plaintiff's copyright." Court reasoned that defendants' implied promise to compensate plaintiff if defendants created movie based on plaintiff's idea contained "additional element" beyond acts of reproduction, performance, distribution or display rights already protected by Copyright Act. Since "whole purpose" of contract was to protect plaintiff's rights to his ideas beyond those protected by Act, such rights were "obviously not 'equivalent.'" Court also denied defendant's assertion that breach of confidence claim was equivalent to right of first publication, reasoning that defendants could have disclosed plaintiff's idea and breached their duty without having published plaintiff's work under Copyright Act, and that confidential relationship constituted extra element not covered by copyright law.

Reinke + Assocs. Architects v. Cluxton, No. 02 CV 0725, 2003 U.S. Dist. LEXIS 3987 (N.D. Ill. Mar. 14, 2003)

Court dismissed plaintiff's claim of unfair competition on grounds of preemption. In second attempt to bring infringement claim over unauthorized use of architectural plans, after dismissal without prejudice to correct pleading errors, plaintiff included state law allegations of unfair competition. Plaintiff cited following elements to demonstrate that unfair competition claim was "qualitatively different" from mere allegation of copyright infringement: (1) defendants' misrepresentation as to authorship of works at issue; (2) defendants' intent to make public false designations as to true authorship of the works at issue; and (3) defendants' attempt to obtain city-issued building permits by passing off works as their own. Court ruled that such elements did not "qualitatively alter the nature of the underlying infringement so as to take the state based claims out of the preemptive scope of copyright." Furthermore, court held that while unfair competition claims grounded in allegations of unlawful "passing off" are *not* preempted by Copyright Act, unfair competition claims grounded in allegations of "reverse passing off" are preempted by Copyright Act. Because plaintiffs' allegations amounted to "reverse passing off," claims were preempted.

Toney v. L'Oreal USA, Inc., 64 U.S.P.Q.2d 1857 (N.D. Ill. 2002)

Court granted motion to dismiss model's right of publicity claim involving use of her likeness on packaging and promotion for Ultra Sheen Supreme hair relaxer. In 1995, model granted five-year license to defendant's predecessor, and alleged that continuing use after expiration of license in 2000 violated Illinois statute prohibiting unauthorized commercial use of person's "identity." Court held that claim was preempted under § 301, citing *Baltimore Orioles, Inc. v. Major League Baseball Players' Association*, 805 F.2d 663 (7th Cir. 1986). Court reasoned that "likeness was fixed in a

tangible form and comes within the subject matter of copyright pursuant to § 102," just as were the athletes' performances in *Baltimore Orioles*, and that state law is equivalent to § 106 right to distribute and prepare derivative works. Court did not explain how features of person's face could themselves be considered "work of authorship" under § 102, but instead followed *Glovaroma v. Zappa Family Trust*, 1998 U.S. Dist. LEXIS 2399 (N.D. Ill. 1998), to hold that "plaintiff's right to publicity in her *photographed* likeness is equivalent to one of the rights in § 106" (emphasis added). Court reluctantly refused to dismiss related Lanham Act § 43(a) claim, however, finding claim properly pleaded.

Higher Gear Group, Inc. v. Rockenbach Chevrolet Sales, Inc., 223 F. Supp. 2d 953 (N.D. Ill. 2002)

In copyright action, district court dismissed plaintiff's separate claims alleging unfair competition, tortious interference with contract relations and civil conspiracy, holding claims were preempted by federal Copyright Act. However, court denied defendant's motion with respect to claims for trade secret misappropriation and breach of contract, because additional elements changed nature of actions so that they differed qualitatively from rights protected by federal copyright law. Plaintiff licensed computer software to defendant car dealership "only for internal business operations." Plaintiff brought copyright infringement action, alleging defendant allowed third party to access and copy software. Defendant moved to dismiss plaintiff's additional state law claims as preempted by Copyright Act. Court considered whether additional elements of each state law claim differed in kind from elements for federal copyright infringement action. On this basis, trade secret misappropriation claim was not preempted because claim was based on qualitatively different element, i.e., breach of confidential duty. Court observed that while Seventh Circuit had not yet directly addressed question, several other circuits had held that trade secret claim based upon breach of confidential duty was not preempted by Copyright Act. Similarly, court held breach of contract claim was not preempted to extent plaintiff intended to show that defendant used software for non-business purposes in violation of licensing agreement. However, because plaintiff's unfair competition claim asserted "reverse passing off," wherein third party was alleged to have made unauthorized copy of software in question, claim was preempted. Court also held tortious interference with contract relations claim was preempted because additional elements of knowledge and intent in relation to third party's copying did not assert rights different from those protected under Act. Finally, because civil conspiracy claim was premised on allegation supporting tortious interference claim, court held civil conspiracy claim was likewise preempted.

Villa v. Brady Publ'g, 63 U.S.P.Q.2d 1603 (N.D. Ill. 2002)

Plaintiff graffiti artist paints wall murals in which he owns copyrights. Defendant published book which included, without plaintiff's permission, repainted reproduction of one of plaintiff's murals. Plaintiff's original complaint, which alleged federal copyright claim and state claims, had previously been dismissed because statutory prerequisites for federal copyright claim had not been met, and court lacked subject matter jurisdiction over remaining state claims. Plaintiff then brought motion to vacate prior judgment and for leave to amend his previous complaint. Plaintiff's motion to vacate asserted that court's prior refusal to exercise subject matter jurisdiction was manifest error of law. Plaintiff argued that court did have jurisdiction to hear state claims on basis of diversity. Court, recognizing that pleadings may be amended to cure defective allegations of jurisdiction, granted motion to vacate prior judgment, despite fact that plaintiff had not relied on diversity in original complaint. However, court rejected plaintiff's motion to amend complaint, since amendment would ultimately prove futile. As defendant argued, plaintiff's state law claims were preempted by § 301 of Copyright Act. Assuming plaintiff's work was copyrightable and fixed in tangible form, essence of plaintiff's claims was reproduction, distribution and display of his work without his permission. Since nothing in state allegations would not also implicate rights under § 106 of Act, state law claims were preempted and motion for leave to amend denied as futile.

Collezione Europa U.S.A., Inc. v. Hillsdale House, Ltd., 243 F. Supp. 2d 444 (M.D.N.C. 2003)

Court found unjust enrichment and unfair competition claims preempted. Parties were competing producers and sellers of furniture. Collezione sought declaratory judgment that its marketing and sale of certain furniture items did not infringe any of Hillsdale's rights. Hillsdale filed counterclaim for copyright infringement, unjust enrichment and unfair competition. Hillsdale developed line of furniture which incorporated variations of three leaf pattern into each piece, and registered copyright for specific three leaf sculptural portions of designs. Collezione, which freely acknowledged that it based its designs on works by others, designed line of furniture based on pieces purchased at third party showroom. Result was substantially similar to Hillsdale's line, including registered three leaf designs. In addition to cross-filed motions for summary judgment, Collezione moved to dismiss Hillsdale's counterclaims for unfair competition and unjust enrichment under state law. In considering preemption conditions, court found that works were within subject matter of copyright, and that rights asserted under state claims were equivalent to rights under copyright law. Applying extra-element test for preemption, court found that

copyright violation was gravamen of claim, and commercial immorality asserted by Hillsdale under state causes of action was not sufficient to constitute extra element. Therefore, court found state claims preempted, and granted Collezione's motion to dismiss state claims.

Hustlers, Inc. v. Thomasson, 65 U.S.P.Q.2d 1037 (N.D. Ga. 2002)

Defendants' motion for summary judgment and motion to dismiss granted in part and denied in part. In 1993, defendant Hugh Thomasson, songwriter and recording artist, entered into agreement with plaintiff Hustlers, music publisher, whereby Thomasson assigned to Hustlers all copyright interests in works he authored or co-authored through June 1999. Current ownership of copyrights is split among Hustlers (or Thomasson) and other music publishers. Prior to 1999, defendant Sanctuary, record company, entered into license agreements with Hustlers and agreed to pay Hustlers royalty for right to distribute certain compositions Thomasson co-authored. In March 1999, Thomasson notified Sanctuary that his relationship with Hustlers had ended, and that Sanctuary should instead forward royalty payments to co-defendant Justice Writers, music publisher. Sanctuary, which had license from at least one co-owner of each copyright, began sending royalty payments to Justice Writers, and continued to distribute compositions. Hustlers sued, alleging copyright infringement and various state law claims. Court held Sanctuary's distribution of compositions did not violate Copyright Act because Sanctuary had license to distribute compositions from co-owners of copyrights. However, defendants were not entitled to summary judgment on state law claims for breach of contract, breach of fiduciary duty, fraud, promissory estoppel and unjust enrichment because claims not preempted by Copyright Act. Court found first prong of preemption test met because rights in compositions fell within subject matter of Act. Second prong was not met, however, because violation of exclusive rights under § 106 would not in itself give rise to state law causes of action, each of which requires extra element in addition to acts of production, performance, distribution, or display of copyrighted work.

Kabehie v. Zoland, 64 U.S.P.Q.2d 1503 (Cal. Ct. App. 2002)

Court affirmed lower court's dismissal of several contract claims as preempted. Plaintiff sued alleging that defendant breached two contracts by "producing, duplicating, advertising and selling" musical works covered by agreements, by failing to deliver three musical compilations and by failing to deliver master recordings for three albums. As between rule that breach of contract claims are never preempted and fact-specific inquiry into whether specific contract claims at issue include "extra element," court chose latter. Court noted that promise alone, inherent in every con-

tract claim, was not "extra element" sufficient to prevent preemption, unless promise created right qualitatively different from copyright. Court found that claims alleging defendant breached agreement by "producing, duplicating, selling, advertising and otherwise marketing musical materials" were preempted. Court found claims alleging failure to deliver master recordings and musical compilations pled "extra element" and were therefore not preempted. Additionally, court held fraud claims were not preempted.

IX. MISCELLANEOUS

A. Digital Millennium Copyright Act

Thron v. HarperCollins Publishers, Inc., 64 U.S.P.Q.2d 1221 (S.D.N.Y. 2002)

Defendants' motion for summary judgment granted and photographer's motion for summary judgment denied where photos not properly registered. Plaintiff sued defendant book publishers for copyright infringement stemming from alleged misappropriation of two of his copyrighted photographs for use in book entitled *The Legacy of Luna*. Moreover, plaintiff alleged that defendants' efforts to publicize book through Internet involved digital alterations to photographs in violation of Digital Millennium Copyright Act ("DMCA"). Court held that plaintiff's claim under DMCA was without merit because, while § 1202(b) of DMCA prohibits intentional removal or alteration of "copyright management information" without authority of copyright owner, copyright registration must be valid to constitute "copyright management information"; in any case, plaintiff had not shown removal of certain unspecified information relating to his purported copyright registration had been "intentional."

Ward v. Nat'l Geographic Soc'y, 208 F. Supp. 2d 429 (S.D.N.Y. 2002)

Defendant's motion for summary judgment dismissing claim under Digital Millennium Copyright Act ("DMCA") granted. Defendant National Geographic Society ("NGS") produced and marketed CD-ROM/DVD product that digitally reproduced all issues of *National Geographic Magazine* ("Magazine"). Ward, freelance photographer and writer, claimed product violated his copyright in photos and text that appeared in original Magazine issues. NGS brought motion for partial summary judgment dismissing Ward's complaint with respect to ten works that appeared in Magazine before 1978. Ward alleged, inter alia, that NGS violated DMCA by providing false copyright management information. Each page of CD-ROM/DVD product contained NGS' copyright notice. Ward argued copyright notices were false, since he owned copyright in his individual contri-

butions. Court held Ward failed to meet his burden since there was no evidence to show that NGS knew notice was false when it placed notice near Ward's works. NGS could not have known notice was false because facts of case not clear-cut. DMCA claim therefore dismissed.

In re Verizon Internet Servs., Inc., 240 F. Supp. 2d 24 (D.D.C. 2003)

Court granted plaintiff RIAA's motion to enforce subpoena served on defendant Verizon seeking identity of anonymous user of Verizon's Internet service who allegedly infringed more than 600 songs downloaded from Internet in single day. Court concluded that subpoena power in § 512(h) of Digital Millennium Copyright Act ("DMCA") applies to Internet service providers seeking to invoke any "safe harbor" under § 512(a)–(d) of DMCA, not just those storing information on system or network at direction of customer under § 512(c) of DMCA. Verizon had alleged that, because it provided only Internet connection to alleged infringer, it fell under "safe harbor" § 512(a), not § 512(c), and thus was outside subpoena power of § 512(h). Court noted, however, that § 512(k) provides two definitions of "service provider," one for § 512(a) and a broader one for all other subsections, including, by definition, § 512(h) governing subpoenas; Verizon clearly fell within scope of broader definition of § 512(k). While Verizon contended that court should infer § 512(h) subpoena applied only to § 512(c) "safe harbor" in light of reference in subsection (h) to notification to service provider requirement of subsection (c)(3)(A), court disagreed and noted that notification provision of subsection (c) is referenced elsewhere in DMCA, including subsections (b)(2)(E) and (d)(3). Thus, court concluded that when copyright owner seeks subpoena, § 512(h) requires that owner file with court type of notification to service provider described in subsection (c)(3)(A). Court stated that there was no discernible reason why Congress would limit subpoena to service providers falling within § 512(c). Moreover, such limitation would create significant loophole: largest opportunity for copyright theft is through peer-to-peer software of type used by alleged infringer in this case; because most peer-to-peer users swap materials that are stored on their own computers, such activity is with § 512(a), not § 512(c) "safe harbor."

Lexmark Int'l, Inc. v. Static Control Components, Inc., 66 U.S.P.Q.2d 1405 (E.D. Ky. 2003)

District court granted preliminary injunction to owner of copyrights in computer codes embedded in microchips inside toner cartridges for laser printers, finding plaintiff established likelihood of success on merits of two DMCA claims under § 1201(a)(2). Plaintiff claimed microchip in defendant's replacement toner cartridges infringed its copyrights, and circumvented authentication sequences that control access to plaintiff's Toner

Loading and Printer Engine programs. Court found defendant's microchips have no commercial purpose other than to circumvent plaintiff's access-control authentication sequence by mimicking technology of plaintiff's microchips, were developed for that purpose, and are advertised to do so; thus, they violate anti-trafficking provision of § 1201(a)(2). Defendant could not rely on reverse engineering defense under § 1201(f) because its microchips are not "independently created computer programs," as required by statute, but exact copies of plaintiff's works.

B. Visual Artists Rights Act

Grauer v. Deutsch, 64 U.S.P.Q.2d 1636 (S.D.N.Y. 2002)

Defendant's motion for partial summary judgment granted in part and denied in part. Plaintiff collaborated with defendant, prominent artist and photographer, on two series of photographs. After parties had "falling out," defendant allegedly exhibited photographs under defendant's name alone. Plaintiff sued, alleging, inter alia, that exhibition of photographs without proper attribution to plaintiff violated Visual Artists Rights Act of 1990 ("VARA"), § 106A of Copyright Act, which gives artist who creates visual work right to demand that artist's name be used in conjunction with display of work. Defendant sought dismissal of claim because statute permits any one of two or more coauthors to waive rights under VARA. Court found contention "unpersuasive": "It is one thing to say that a coauthor . . . may allow a third party to exhibit without crediting any of the coauthors. It is quite another to say that one coauthor may defeat the attribution rights of co-creators while insisting on them for him- or herself." Such "peculiar" construction would disserve statutory objectives of fairness for artists and increasing accuracy of information about visual works of art. In any case, court noted, there was no suggestion that § 106A requirement that waiver be in signed, express, detailed writing was complied with.

C. Bankruptcy

In re World Auxiliary Power Co., 303 F.3d 1120 (9th Cir. 2002)

Competing claims of ownership of unregistered copyrights in drawings, technical manuals, blueprints and software created by three affiliated companies for use in modification of civilian aircraft turned on whether California Uniform Commercial Code or Copyright Act applied. To obtain financing, companies gave bank security interest in copyrights, which bank perfected pursuant to Article 9 of U.C.C. by filing UCC-1 financing statements with Secretary of State. Three companies simultaneously filed for bankruptcy. In order to avoid bank's security interest, several companies who were planning joint venture purchased debtors' assets from bank-

ruptcy trustees, including trustees' right to sue bank to avoid security interest. Joint venture fell through and, as result of various assignments of trustees' rights, Aerocon and Airweld owned copyrights and trustees' avoidance action as tenants in common. At same time, bank foreclosed on copyrights based on security interest and copyrights ultimately transferred to Airweld, which claimed to own copyrights in fee simple rather than as tenant in common with Aerocon. Affirming district court, Ninth Circuit held that U.C.C., under which Airweld had sole ownership rights, was controlling law, not § 205 of Copyright Act. Security interest in unregistered copyright under Article 9 of U.C.C. may be recorded in Copyright Office. However, since unregistered copyright does not have registration number, it cannot be recorded in "manner required to give constructive notice" under § 205(c). Therefore, there "just isn't any way for a secured creditor to preserve a priority in an unregistered copyright by recording anything in the Copyright Office." "Step-back" provisions of U.C.C., which require deference to federal statute regulating rights of parties, not applicable because Copyright Act "doesn't provide for the rights of secured parties to unregistered copyrights; it only covers the rights of secured parties in *registered* copyrights." Similarly, Copyright Act is comprehensive with respect to registered copyrights but "as applied to unregistered copyrights, the Act doesn't have comprehensive recording provisions." Therefore, Copyright Act preempts U.C.C. with respect to recording and priority of security interests in registered copyrights, but not unregistered copyrights.

ITOFCA, Inc. v. MegaTrans Logistics, Inc., 322 F.3d 928 (7th Cir. 2003)

Seventh Circuit affirmed grant of summary judgment to defendant. In 1980s, ITOFCA, cooperative corporation owned by other large corporations to provide freight consolidation and forwarding services, developed computer program to help members with shipping. In 1986, ITOFCA transferred assets to ITOFCA Consolidators, Inc. (ICI), which declared bankruptcy five years later. Bankruptcy court approved sale of ICI's copyright interests to another company, Amerifreight, which assigned copyright interests to MegaTrans. Terms of bankruptcy court's order stated that ICI was free to sell additional copies of computer program and that Amerifreight had only nonexclusive right to software. MegaTrans modified program and licensed it to others. ITOFCA obtained copyright registration for original program, naming ICI as co-author, and sued MegaTrans for infringement. District court granted summary judgment to MegaTrans, citing preclusive effect of bankruptcy court order. Appellate court affirmed. ITOFCA argued that ICI obtained only license to use software when ICI was created; hence ITOFCA's rights in software were not lost with assignment to ICI and later bankruptcy sale. Court rejected argu-

ment, noting that when bankruptcy court approves sale of asset, person with notice of sale cannot later void it on ground that he is real owner of asset. Court rejected plaintiff's argument that ICI only had license in computer program, and accordingly could only have given Amerifreight license to use the program; bankruptcy court's order stated that ICI could sell additional copies of the software, which license would not permit. ITOFCA's failure to object to bankruptcy court's order, which disclosed on its face that it was conveying right to sell copies of modified program, was compelling evidence that ITOFCA's claim of right was "afterthought." Court also rejected argument that asset schedule in Chapter 11 proceeding did not list any copyrights, noting asset schedules are far from infallible, and that omission is not enough to overcome preclusive effect of bankruptcy order.

D. Miscellaneous

Eldred v. Ashcroft, 537 U.S. 186 (2003)

Supreme Court held, 7-2, that Congress did not violate its authority under copyright clause of Constitution by extending term of copyright protection for existing copyrights. Sonny Bono Copyright Term Extension Act of 1998 ("CTEA") amended § 304(b) of Copyright Act to extend term of copyright to life of author plus seventy years, and, for copyrights in their renewal term on date CTEA was enacted, ninety-five years from date copyright was originally secured. Plaintiffs sued for declaratory judgment that CTEA is unconstitutional. U.S. District Court for the District of Columbia dismissed suit. Court of Appeals for the D.C. Circuit affirmed, finding CTEA did not violate First Amendment or "limited times" provision of copyright clause. Supreme Court granted certiorari to consider (1) whether D.C. Circuit erred in holding that Congress has power under copyright clause to extend retrospectively term of existing copyrights; and (2) whether law that extends term of existing and future copyrights is categorically immune from challenge under First Amendment. Court (Ginsburg, J.) found that, while constitutional authority permits Congress to grant authors exclusive rights only for "limited times," appropriately limited time span applied to future copyrights does not automatically cease to be limited when applied to existing copyrights. CTEA was rational exercise of Congress's legislative authority under patent and copyright clause, court continued, enacted to harmonize U.S. law with European Union directive, to ensure Americans same copyright protection in Europe as Europeans. Court pointed out that patent and copyright clause calls on Congress to establish "system" for promoting progress of science; however, it is for Congress, not courts, to decide how to pursue this objective. Congress' unbroken practice in this area "overwhelms" plaintiffs' argument that CTEA fails per se to meet objective. Court rejected contention that

CTEA is content-neutral regulation of speech that fails heightened judicial review under First Amendment. Court declined to apply strict scrutiny to copyright scheme, which incorporates its own speech-protective purposes and safeguards, including prohibition of copyright protection for ideas or concepts under § 102(b), and fair use provisions of § 107. In conclusion, Court "recognize[d] that the D.C. Circuit spoke too broadly when it declared copyrights 'categorically immune from challenges under the First Amendment.' . . . But when, as in this case, Congress has not altered the traditional contours of copyright protection, further First Amendment scrutiny is unnecessary."

Dastar Corp. v. Twentieth Century Fox Film Corp., 123 S. Ct. 2041 (2003)

Reversing Ninth Circuit, unanimous Supreme Court (except Breyer, J., recused) held that respondent Fox could not maintain Lanham Act § 43(a) action for reverse passing off against petitioner's sale of video series copied substantially from public domain Fox TV series from 1940s. Series at issue, "WW II Campaigns in Europe," was abridged version of Fox series "Crusade in Europe," derived from memoirs of Dwight Eisenhower and comprised chiefly of government war footage with narration from book. Fox failed to renew series, and registration lapsed in 1977. Book was timely renewed. In mid-1990s, petitioner issued modified version of series under its own name, making no reference to Fox or prior series on packaging or promotion. Fox asserted copyright claim based on its exclusive film rights in Eisenhower book, and § 43(a) claim for reverse passing off. District court granted summary judgment for Fox and double profits under Lanham Act; Ninth Circuit affirmed as to § 43(a) but reversed and remanded for trial of copyright claim. Under Ninth Circuit standard, "bodily appropriation" of Fox series sufficiently established reverse passing off, and award of double profits was thus proper. Supreme Court reversed. Opinion, by Scalia, J., reviewed historical and dictionary evidence as to meaning of word "origin" in § 43(a) and concluded that petitioner was true "origin" of tangible videocassettes at issue, thus packaging and promotion did not constitute "false designation of origin" or cause confusion as to "origin" of goods. Mere bodily appropriation of underlying content embodied on tangible videocassettes was held outside reach of statute: "[A]s used in the Lanham Act, the phrase 'origin of goods' is in our view incapable of connoting the person or entity that originated the ideas or communications that 'goods' embody or contain." Court noted that Fox's position would "create a species of mutant copyright law that limits the public's federal right to copy and use expired copyrights," citing *Bonito Boats*, and would render superfluous more limited attribution right established under VARA for visual artists. Court concluded that remanded

copyright claim based on Fox's rights in Eisenhower book "is still a live question," but "for merely saying it is the producer of the video, however, no Lanham Act liability attaches to [petitioner]."

Microsoft Corp. v. Comm'r of Internal Revenue, 311 F.3d 1178 (9th Cir. 2002)

Ninth Circuit held that software may be deductible "export property" under Internal Revenue Code. Microsoft in 1990 and 1991 claimed "export property" deductions for commissions it had paid to its Virgin Islands corporate branch. Commissions consisted of royalty income subsidiaries earned from international distribution of master copies of Microsoft computer software. Commissioner disallowed deductions because it concluded that master copies were not deductible "export property" under I.R.C. § 927(a)(2)(B). At time of deductions, statute did not specifically include computer software in list of property which fell within deductions (law was amended in 1997 specifically to include computer software). Pre-1997 law at issue provided that copyrights were excluded from definition of "export property" "other than films, tapes, records, or similar reproductions, for commercial or home use." Commissioner argued that language referred to content placed on media and therefore included only motion pictures and sound recordings, not software. Tax Court upheld Commissioner's decision. Microsoft argued on appeal that language covered type of media to which copyrighted material was affixed and computer software master copies were affixed in a media similar to those used for sound recordings and motion pictures, therefore software master copies were within definition of "export property." Court agreed and held that I.R.C. language did include computer software master copies. Looking at plain meaning of statute, court concluded that because computer industry and entertainment industry were using same or similar media to store content, reproductions of copyrighted works were similar, and therefore computer software master copies fell within "similar reproductions" under statute. Since "similar reproductions" referred to unspecified media, more specific language must also refer to such media. Court found this reading confirmed by legislative history and by other copyright laws which use "films, tapes and records" language to refer to media on which content is embodied and not actual content. In response, Commissioner cited Temporary Treasury Regulation § 1.927(a)-1T(f)(3), which stated computer software was not "export property," but court invalidated regulation as inconsistent with statute.

Winter v. DC Comics, No. S108751 (Cal. Sup. Ct. June 2, 2003) (slip op.)

Supreme Court of California reversed Court of Appeal to hold that bizarre alien comic book villains modeled after albino rock stars Edgar and Johnny Winter did not violate musicians' name and likeness rights under Cal. Civ. Code § 3344. Court applied test developed at length in *Comedy III Productions, Inc. v. Gary Saderup, Inc.*, 21 P.2d 797 (Cal. 2001), asking "whether the celebrity likeness is one of the 'raw materials' from which an original work is synthesized, or whether the depiction or imitation of the celebrity is the very sum and substance of the work in question." Unlike Three Stooges T-shirts which *Comedy III* held actionable, defendant's comic books were "primarily the defendant's own expression rather than the celebrity's likeness" and were not "a conventional portrait of a celebrity [made] to commercially exploit his or her fame." Explicitly basing decision on First Amendment, court noted broad latitude required for parody, lampoon and "other expressive uses of the celebrity image" and cautioned against weighing "quality of [defendant's] artistic contribution . . . . The inquiry is in a sense more quantitative than qualitative, asking whether the literal and imitative or the creative elements predominate in the work." If so, work is transformative and deserving of First Amendment protection, whether or not it is "parody" in copyright sense: "What matters is whether the work is transformative, not whether it is parody or satire or caricature or serious social commentary or any other specific form of expression." Also irrelevant is degree to which advertising for work may "trad[e] on plaintiffs' likenesses and reputations to generate interest . . . and increase sales." Court summarized difference with *Comedy III* in closing: "The artist in *Comedy III* essentially sold, and devoted fans bought, pictures of the Three Stooges, not transformed expressive works by the artist. Here, by contrast, defendants essentially sold, and the buyers purchased, DC Comics depicting fanciful, creative characters, not pictures of the Winter brothers. This makes all the difference. The comic books here are entitled to First Amendment protection."

PART III

COPYRIGHT CORNER

CORNER

A GERIATRIC VIEW OF MOTION PICTURE PIRACY

by BERNARD R. SORKIN*

Professor Zachariah Chaffee, Jr. opened his 1945 article in the *Columbia Law Review*, *Reflections on the Law of Copyright*, with the following paragraph:

> Copyright is the Cinderella of the law. Her rich older sisters, Franchises and Patents, long crowded her into the chimney-corner. Suddenly the fairy godmother, Invention, endowed her with mechanical and electrical devices as magical as the pumpkin coach and the mice footmen. Now she whirls through mad mazes of a glamorous ball.[1]

So it was, and is, and will be.

Before the digital revolution, there was the video revolution. Before that, there was the television revolution. And before that, motion pictures were distributed and projected for viewing by the public by means of reels of 35mm film or, for some purposes, 16mm or, more limited, 8mm film.

In all that, there was one constant: piracy.

The modi operandi of print pirates in the first of those three periods were relatively simple — they did not require the possession of degrees in electrical engineering or computer science to execute or attack them.

One such practice was the "bicycling of prints." Here, a theater operator would license the right to exhibit a movie at his "Starlight Theater" and, while the second reel of the film was being projected there, he would have the first reel "bicycled" to his "Moonlight Theater."

This exhibition at the "Moonlight" was, of course, without any payment of a license fee — or film rental as it was and is called — to the picture's distributor.

This practice was the subject of a 1931 action in the District of Maryland, *Tiffany Productions, Inc. v. Dewing*.[2] The court ruled that a motion

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*Consultant, Time Warner Inc.

1 Zachariah Chaffee, *Reflections on the Law of Copyright*, 45 COLUM. L. REV. 503, 503 (1945).

2 50 F.2d 911 (D. Md. 1931).

picture is a "dramatic work" under the 1912 amendment to the Copyright Act of 1909, and entitled to protection against unlicensed exhibition.

A common form of print piracy was the distribution of 16mm prints. Although the damage caused by such activity pales in comparison to the damage and potential damage under digitization, the illicit distribution of 16mm prints caused significant damages to licensees of the studios who distributed 16mm prints to limited audience venues, including schools, ships, military installations and recreational halls and camps.

The studios brought copyright infringement actions against print pirates and, to a fairly significant degree, were able to persuade federal attorneys to bring criminal actions. The most common and troublesome defense was based on the first sale doctrine. That doctrine, as codified in the 1909 Copyright Act in 17 U.S.C. § 27, provided:

> nothing in this title shall be deemed to forbid, prevent, or restrict the transfer of any copy of a copyrighted work the possession of which has been lawfully obtained.

That section was amended by the 1976 revision of the Copyright Law, effective January 1, 1978, to provide:

> (a) Notwithstanding the provisions of section 106(3), the owner of a particular copy [ ] 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 that copy [ ].

The first sale was a commonly pleaded defense principally because of a certain amount of carelessness on the part of the studios in dealing with their prints. Prior to about 1962 when the studios started to license movies to the television networks, pictures were licensed in "syndication," that is to individual television stations, for which purpose the studios supplied 16mm prints. The licenses were generally for a term of seven years and provided for return or destruction of the prints. The enforcement of that provision was less than tight and defendants in infringement actions claimed that the prints in which they were dealing were lawfully acquired. In a similar vein, the studio frequently could not resist the importuning of stars, directors and other personnel with "clout" for prints of pictures in which they were involved. The provenance of those prints created similar issues. Further, motion picture prints, when their useful exhibition life was over, were sent by the studios to print junkers who reclaimed the silver nitrate from the prints. Either the studio or the junker was to chop the print up but here, too, that procedure was not strictly followed.

The first sale issue was also bedeviled by the question of burden of proof: is it for the defendant to prove that the plaintiff had sold the copy

of the work, or is it for the plaintiff to prove that no such first sale occurred?

That question was at the heart of a 1978 opinion of the Fifth Circuit, *American International Pictures v. Foreman*,[3] in a copyright infringement action alleging that the defendant had engaged in selling and dealing in 16mm prints of plaintiff's motion pictures.

The district court entered judgment for defendant, holding that plaintiff had not carried the burden of proving the nonoccurrence of a first sale.

The court of appeals in dicta, in a footnote, stated that Congress, in passing the 1976 Copyright Law, was aware of the district court decision and "specifically rejected it"[4] stating that "under the new act, the burden of proving that a particular copy was lawfully made or acquired was up to the defendant."[5]

The court of appeals reversed and remanded the case, but did not decide the question of burden of proof. The court relied, rather, on plaintiff's copyright certificates and the proposition that mere possession by defendant of a copy was not enough to rebut the prima facie evidence of the certificates.

With the advent of the videocassette in the late 1970s, movie piracy became both more sophisticated and simpler.

Infringement by reproduction took a number of forms: transferring illegally obtained prints to video; duplicating pre-recorded material; and making off-air recordings. Infringement by performance raised a number of interesting legal issues.

In *Columbia Pictures Industries, Inc. v. Aveco, Inc.*,[6] the Third Circuit dealt, in 1986, with a claim by studios that defendant's business of renting videocassettes in conjunction with rooms in which they could be viewed infringed plaintiff's rights of public performance.

The important contested issue was whether the performances of the videos played by Aveco's customers in a private viewing room, were public performances. The court, relying on its 1984 decision in *Columbia Pictures Industries, Inc. v. Redd Horne, Inc.*,[7] ruled that the performances were public because the viewing rooms, although private during each rental period, were available for rental by members of the public.

Redd Horne and *Aveco* differed factually in that, in the former, the defendant's employee put the video on a cassette machine from which the picture was transmitted to the patron's viewing room; in the latter the patron took the video into the viewing room and put it on the player located

[3] 576 F.2d 661 (5th Cir. 1978).
[4] *Id.* at 663 n.1.
[5] *Id.*
[6] 800 F.2d 59 (3d Cir. 1986).
[7] 749 F.2d 154 (3d Cir. 1984).

therein. That difference did not affect the court's analysis of the public performance requirement.

In both cases, the defendants relied on the first sale doctrine, asserting that because they had acquired lawful ownership of the videos, they could exercise the rights in question. This argument was rejected by the court which recognized that the first sale doctrine affects the right of distribution, and not the right of public performance.

Two important cases dealt with the question of public performance in the context of hotels providing motion pictures to their guests. In the earlier, *Columbia Pictures Industries, Inc. v. Professional Real Estate Investors*,[8] the Ninth Circuit had before it a hotel that rented videos to its guests. The guest rooms were equipped with players and screens.

The court ruled that, although a hotel may be open to the public, a guest's room, once rented, is not. The court also concluded that carrying a video from the hotel lobby to a guest's room does not constitute a "transmission" or an "other communication" under § 101 of the Copyright Law. The court affirmed the judgment in favor of the hotel.

In the second case, *On Command Video Corporation v. Columbia Pictures Industries*,[9] the Northern District of California considered a hotel system that allowed a guest to select a movie with a remote control device in his room. That movie is sent to the screen in the guest's room over a wire from a bank of video players located in the hotel's equipment room.

The court said that, because the viewing occurs only in an individual guestroom, the performance is not in a public place. The performance was, however, public under the transmit clause: a performance is public if it is transmitted or otherwise communicated to beyond the place from which it is sent.

This brings us to the threshold of the digital age. I shall not cross that threshold. I shall close with a few words about two significant matters.

Despite its nomenclature, the Digital Millennium Copyright Act also prohibits circumvention of technological measures that control access to analog material.

In a press release dated February 13, 2003, the Department of Justice announced the sentencing, pursuant to a guilty plea, of the defendant in the first known DMCA prosecution targeting the circumvention of security measures placed on analog cassettes.

VHS is in about 90% of American TV households; DVD is in about 40%. Analog protection will continue to be important.

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[8] 866 F.2d 278 (9th Cir. 1989).

[9] 777 F. Supp. 787 (N.D. Cal. 1991).

Secondly, one of the monuments to the video revolution is the so-called Betamax Case, *Sony Corporation v. Universal City Studios, Inc.*[10] decided by the Supreme Court in 1984. In a way, that case, although dealing with an analog situation, presaged the dramatic changes that digitization would bring.

Until Betamax, unauthorized reproduction of movies had been almost solely by commercial entities. Betamax was pounced on to support individual so-called home copying or the making of "private copies." Some of the repercussions are still with us in the discussions concerning levies purportedly to compensate copyright owners for that kind of activity.

Betamax has left us with a greater problem. That opinion is frequently asked to carry a burden for which it is not fit. These demands on it are, to a large extent, made by those who take the view that reproduction and distribution in the digital age are not significantly different from what we were and still are able to do with, for example, a Xerox machine or VCR. Nor do these people seem to appreciate the narrow factual context in which the case arose.

The action was brought by two motion picture studios that alleged that some individuals had used Betamax video tape recorders to record some of the plaintiffs' copyrighted works that had been on commercially sponsored television. The plaintiffs contended that those individuals had thereby infringed the studios' copyrights and that Sony was liable for the infringement because it marketed the recorders.

The Supreme Court characterized that position as an unprecedented attempt to impose copyright liability upon a distributor of copying equipment.

At the outset, the Court summarized the findings of the district court as revealing that the average member of the public uses a video recorder principally to record a program he or she cannot view at the time it is being telecast, and then to watch it once at a later time. This practice, known as "time-shifting," enlarges the audience.

The Court pointed out that the trial concerned the private, home use of video recorders for recording programs broadcast on the public airways without charge to the viewer. No issue, said the Court, was raised concerning the transfer of tapes to other persons, the use of tapes for public performances, or the copying of programs transmitted on pay or cable television systems.

The Supreme Court approved the district court's finding that time-shifting in the context of this case is fair use.

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[10] 464 U.S. 417 (1984).

The Court also concluded that the Betamax recorder is capable of substantial noninfringing uses and that, accordingly, Sony's sale of the recorder to the public does not constitute contributory infringement.

The principle of "substantial noninfringing use" as a bulwark against a charge of contributory infringement was taken from the Patent Law. The Supreme Court, in the Betamax case, while recognizing that there are substantial differences between the Patent and Copyright Laws, wrote that in both areas the contributory infringement doctrine is grounded on the recognition that adequate protection of a monopoly may require the courts to look beyond actual duplication of a device or publication to the products or activities that make such duplication possible. The staple article of commerce doctrine, said the Court, must strike a balance between a copyright holder's legitimate demand for effective — not merely symbolic — protection of the statutory monopoly, and the rights of others freely to engage in substantially unrelated areas of commerce. Accordingly, the Court continued, the sale of copying equipment, like the sale of other articles of commerce, does not constitute contributory infringement if the product is widely used for legitimate, unobjectionable purposes. Indeed, it need merely be capable of substantial noninfringing uses.

And there's the rub. It is hard to imagine any device that would not be capable of some noninfringing use.

The Supreme Court decided Betamax in 1984; the cases on which the Court relied for the "staple article of commerce" doctrine were decided in 1912 and 1980. We had by those times gone through many technological revolutions in the intellectual property area, starting with Herr Guttenberg's bombshell and continuing with photography, sound recordings, photocopying, cable, video cassettes and satellite transmissions.

The development of digitization, however, overshadows in its consequences for copyright protection all that went before.

Failure to appreciate the significance of the recent technological developments as well as the narrow factual context in which the Betamax case arose have lead to the application of the doctrine of "substantial noninfringing use" in ways that are very damaging to copyright.

PART IV

BOOK REVIEW

BOOK REVIEW

THE OSTERBERGS' *SUBSTANTIAL SIMILARITY IN COPYRIGHT LAW*

by ALAN J. HARTNICK*

The *mantra* of copyright infringement is easy to state: ownership, copying and substantial similarity. Why differentiate between copying and substantial similarity? What is "substantial similarity"? Is this distinction an example of the copyright approach as being "the metaphysics of the law"?[1]

A very bright student of mine at Fordham Law School considered the approach "seriously flawed because the jury must engage in quite complex copyright analysis . . . [first] . . . the jury must consider certain matters objectively . . . and then the jury is asked to switch gears and ponder a subjective analysis of the work."

And is the test "an ordinary observer standard"? Or a "more discerning ordinary observer standard"? And how do you differentiate?

In their casebook, *Copyright Law*, Joyce, Leaffer, Jaszi and Ochoa observe: "The inquiry into improper appropriation, both at trial and on appeal, remains one of the most contentious (and, not coincidentally, least precisely delineated) exercises in all copyright law."[2]

Commenting on a particularly difficult to understand copyright infringement rug case, Robert Bernstein and Robert Clarida, in their column in the *New York Law Journal*,[3] opine: "The *Tufenkian*[4] decision reminds us that there is more than one test for copyright infringement and the tests are not mutually exclusive . . . the analysis is often difficult and elusive. Ay, there's the rub."

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1 Folsom v. Marsh, 9 F. Cas. 342 (C.C.D. Mass. 1841) (No. 4901).

2 CRAIG JOYCE, MARSHALL LEAFFER, PETER JASZI & TYLER T. OCHOA, COPYRIGHT LAW 692 (6th ed. 2003).

3 Robert Bernstein & Robert W. Clarida, *'Ay There's the Rug'*, N.Y. L.J., Sept. 19, 2003, at 3.

4 Tufenkian Import/Export Ventures, Inc. v. Einstein Moomji, Inc., 338 F.3d 127 (2d Cir. 2003).

As an example, the venerable notion from Learned Hand that "no plagiarist can excuse the wrong by showing how much of a work he did not pirate"[5] is inapplicable in many copyright contexts, such as compilations.[6]

A new important resource has been written by a retired partner of mine, Robert C. Osterberg and his son, Eric C. Osterberg of Brown Raysman: *Substantial Similarity in Copyright Law*.[7] The book collects and analyzes cases dealing with various types of copyrighted works, such as music, plays, books, computer programs, etc. The book also includes a circuit-by-circuit analysis of the significant doctrines and cases concerning substantial similarity.

The Osterbergs first distinguish "probative similarity." "Probative similarity" refers to the kind of similarity that helps prove the defendant in fact copied material from the plaintiff. The term "probative similarity" must be distinguished from the term "substantial similarity." The authors give an example as to the differences:

> For example, the fact that two biographies contain numerous identical quotations from the subject might lead to an inference that the second had been copied from the first — probative similarity. But because those quotations would not belong to the biographer, the use of identical quotations would have no bearing on whether the second biography included significant copyright protected material found in the first — substantial similarity.

The authors state:

> Because a copyright protects only the incremental originality added by the author, that must be the source of the similarities relied on to support a finding of substantial similarity. For this reason, a proper substantial similarity evaluation of the similarities and identities between two works is fundamentally a two-part process. Not only must all of the similarities and identities be identified, the court must evaluate whether the similarities concern the elements of the work that are original.

As to the test for substantial similarity:

> There are differences in how courts in the twelve federal circuits compare works in copyright infringement cases. Most courts use one of two tests: the copying/unlawful appropriation test associated with the Second Circuit or the extrinsic/intrinsic test associ-

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[5] Sheldon v. Metro-Goldwyn Pictures Corp., 81 F.2d 49, 56 (2d Cir. 1936).

[6] O.P. Solutions, Inc. v. Intellectual Prop. Network, 52 U.S.P.Q.2d 1818, 1825 (S.D.N.Y. 1999).

[7] Robert C. Osterberg & Eric C. Osterberg, Substantial Similarity In Copyright Law (Practicing Law Institute 2003).

ated with the Ninth Circuit. The Tenth Circuit, however, uses the abstraction/filtration/comparison test, which most circuits reserve for cases involving computer programs, in all cases. The Sixth Circuit uses a variation of the Tenth Circuit test, which we have labeled filtration/comparison by intended audience. The Eleventh Circuit uses a test that harks back to the days before the Second and Ninth Circuit approaches diverged.

There is a very perceptive discussion about the Second Circuit:

> The copyright infringement test in the Second Circuit is a step-by-step process. First, the court determines whether defendant copied from plaintiff. In cases where the defendant denies copying, the court tests to see whether the defendant had access to plaintiff's work at the time defendant prepared his work, and whether there is sufficient similarity between the works to prove copying. The Second Circuit has clarified that the correct term for this threshold determination of similarity is "probative similarity" rather than "substantial similarity." On the probative similarity issue, "analytic dissection" is appropriate and the testimony of experts may be received to aid the trier of the facts. If the evidence of access is absent, plaintiff can prevail only by showing that the similarities between the two works are so striking that they preclude the possibility that the defendant created his work independently.
>
> If the court determines that there has been copying, then only does there arise the second issue, that of illicit copying (unlawful appropriation). The court must then determine whether defendant's taking is sufficient to constitute infringement. It is that part of the inquiry that is the "substantial similarity" test. When testing substantial similarity, the court compares the works in final form, as they are presented to the public; drafts and earlier private versions are ignored.

As to the "Ordinary Observer" and "More Discerning Observer" tests:

> In cases where the plaintiff's work is wholly original, that is, where the work does not incorporate public domain or other noncopyrightable material, courts in the Second Circuit test for substantial similarity using the "ordinary observer test." The ordinary observer test is no more than an attempt to gauge the reaction of the ordinary "man on the street" to the two works. . . .
>
> Where what the defendant copied from the plaintiff involves both protectible and unprotectible elements, the ordinary observer test is refined. The court applies the "more discerning

> ordinary observer test." In the more discerning ordinary observer test, the fact finder attempts to extract the unprotectible elements from consideration and determine whether the protectible elements as a whole are substantially similar. Expressed another way, the fact finder must determine whether that same ordinary person, putting aside those portions of plaintiff's work that are unprotectible, would think that defendant's work was taken from plaintiff's when comparing the two as a whole. If so, then there is substantial similarity.

The issuance or non-issuance of a preliminary injunction is life or death in most copyright cases. The Osterbergs write:

> In the Second Circuit, both the issue of copying and the issue of unlawful appropriation are fact issues for the jury. Nevertheless, courts in the Second Circuit may determine those issues as a matter of law on a motion for summary judgment if the similarities between the two works are limited to noncopyrightable elements so that a finding of noninfringement is required, or if the evidence is so clear as to fall outside the range of reasonably disputed fact questions so that a reasonable juror, properly instructed, could find only one way . . . the Ninth Circuit seems to require a trial if plaintiff prevails in the extrinsic portion of the extrinsic/intrinsic test; courts in the Ninth Circuit cannot make a substantial similarity determination based on the fact that no reasonable juror could find otherwise when the plaintiff passes the extrinsic test.
>
> On a motion for a preliminary injunction, courts in the Second Circuit conduct the entirety of the inquiry discussed above to determine the movant's likelihood of success, including by applying the ordinary or more discerning ordinary observer test to determine the likelihood that the works will be found substantially similar.

I called one of the two co-authors to inquire whether there will be supplements to *Substantial Similarity in Copyright Law* and why he and his father wrote the book. Eric Osterberg answered as follows:

> Q: Will there be supplements?
>
> A: Yes. PLI will issue updates approximately once a year.
>
> Q: Why did you write the book?
>
> A: It was actually Richard Dannay's idea. He suggested it to PLI and further suggested that we might be willing to tackle such a difficult task. We agreed that there was a need for a book devoted wholly to substantial similarity. We failed to appreciate the effort and commitment such an undertaking would require.

At the time, there was tremendous confusion in the case law (there still is), and none of the treatises, Nimmer, Goldstein, Patry, etc., really seemed to answer the difficult questions.

As you might guess just from the sheer number of citations, the book took years to write. Ironically, as we were writing, the evolution of the law in this area seemed to accelerate. Significant developments in the very recent past include: the nearly universal adoption of the abstraction/filtration/comparison test for cases involving computer programs; the spread of the abstraction/filtration/comparison test to other types of cases, particularly in the Tenth Circuit; the extension of compilation analysis to all types of works, not just telephone books or other works that one might initially think of as compilations (a development, I should add, that was accurately predicted by our good friend Melvin Simensky in the early 90s); and the adoption of the "intended audience" test in the Fourth Circuit for certain types of cases, which seems to be gaining credence in other circuits as well. So the book really comes at a good time.

In my opinion, the Osterbergs' work is a first-rate resource for teachers, students and practitioners. Among other things, it contains jury instructions, which are indeed most helpful.

PART V

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

United States

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

37 C.F.R. Part 202. Copyright Office Makes Technical Amendments to Regulations Pertaining to Registration of Architectural Works. 68 Federal Register, vol. 68, no. 125, pp. 38,630-31. The Copyright Office has reviewed its regulations and makes technical amendments to 37 CFR part 202. In 1990, the Architectural Works Copyright Protection Act amended 17 U.S.C. § 101 to add the definition for "architectural work." The Act also excludes from copyright registration architectural works embodied in unpublished plans or drawings created before December 1, 1990, if the works remained unconstructed on December 31, 2002. Regulations pertaining to registration of architectural works are found at 37 CFR part 202.11, and paragraph (d) of that section covers works excluded from protection. The time for unpublished works created before December 1, 1990, to become constructed has now expired. The technical amendments are intended to reflect the exclusion and to clarify that the full title of the amending legislation is the Architectural Works Copyright Protection Act, title VII of the Judicial Improvements Act of 1990, Public Law 101-650, 104 Stat. 5089, 5133.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Copyright Office Seeks Comments on Webcasting Notice and Recordkeeping for Past Performances. The Copyright Office is requesting public comment on what regulations it should adopt relating to records of use for past performances of sound recordings performed pursuant to the statutory license for public performances of sound recordings by means of digital audio transmissions (including webcasting) since October 28, 1998. These regulations will relate to performances that have taken place before the adoption of recordkeeping and reporting requirements that will be announced soon. Among other things, the Office wishes to know whether there are any proxies that may be used in lieu of actual reporting of past performances. Initial comments are due November 24, 2003. Reply comments are due December 22, 2003. The notice may be found at http://www.copyright.gov/fedreg/2003/68fr58054.html; http://www.copyright.gov/fedreg/2003/68fr58054.pdf.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Final Rule Issued in Anticircumvention Rulemaking. The Librarian of Congress, on the recommendation of the Register of Copyrights, has issued a final rule in the anticircumvention rulemaking pursuant to § 201(a)(1)(D). The final rule announces that during the period from October 28, 2003 through October 27, 2006, the prohibition against circumvention of technological measures that effectively control access to copyrighted works shall not apply to persons who engage in non-infringing uses of four classes of copyrighted works.

The Statement of the Librarian of Congress on the Anticircumvention Rulemaking, the Determination of the Librarian of Congress, the Text of the Regulation, and the Recommendation of the Register of Copyrights are all available on the Copyright Office's Web site at http://www.copyright.gov/1201/index.html.

PART VI

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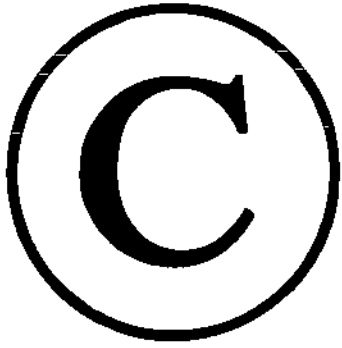
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FROM THE DESK OF THE EDITOR-IN-CHIEF

Volume 51, Issue Two, begins with memorial tributes to Professor L. Ray Patterson. Sadly, the Copyright Community has lost its Historian. We are blessed, however, by the rich legacy of scholarship that he has left us. The *Journal* is proud that Professor Patterson contributed an article, *Understanding the Copyright Clause*, to the Millennium volume and that he co-authored with his friend and former student, Christopher M. Thomas, an article, *Personal Use in Copyright Law: An Unrecognized Constitutional Right* for the 50th Anniversary volume.

Sir Thomas Noon Talfourd was a nineteenth century champion of copyright while a member of Parliament. He was also a life-long friend of Charles Dickens. On Talfourd's death in 1854, Dickens wrote "Very, very many have lost a friend; nothing in Creation has lost an enemy." Those words penned a century and a half ago came to mind when I learned of Ray's passing.

In *Sheep in Goats' Clothing: Satire and Fair Use After* Campbell v. Acuff-Rose Music, Inc., Annemarie Bridy argues "that the meaningful distinction to be made in the fair use analysis of hybrid works is not a distinction between parody and satire but between two discrete forms of satirical parody — directly satirical parody (which, in light of precedent, ordinarily would *not* be entitled to fair use protection) and indirectly satirical parody (which, considered in the same light, ordinarily would)."

In *Digitalization and Its Discontents: Digital Rights Management, Access Protection, and Free Markets*, Michael A. Einhorn examines "access protection and digital rights management from an economic perspective oriented around actual experience in free market behavior."

Paul Edward Geller once again graces the pages of the *Journal* with an article, *Conflicts of Laws on Copyright Cases: Infringement and Ownership Issues*. He states "Increasingly, creative works cross borders, arguably falling under the laws of different countries. In copyright matters, conflicts of laws will arise on important issues in litigation and transactions." It is the purpose of the article to "construct a framework to help counsel exhaustively analyze such conflicts . . . [and to] . . . propose some rules of thumb to guide courts toward solutions" on some clearly open issues and in "some hard cases . . . indicate options for courts to explore."

In *Warez Trading and Criminal Copyright Infringement*, Eric Goldman discusses "how criminal copyright law applies to warez trading,. . . [which he explains includes warez distributors, warez collectors, warez downloaders and abandonware enthusiasts] . . . some enforcement

actions under the NET Act, and some policy concerns about criminalizing warez trading."

In *Protection of African Folklore by Copyright Law: Questions That Are Raised in Practice*, Laurier Yvon Ngombe addresses the complexities involved in protecting folklore, including the fact that "many folkloric works do not come from states in their current form, but from tribes or ethnic groups that may exist in several states, and that preexisted the modern states. Indeed, the cultural area of much folklore does not coincide with the legal borders of the modern states."

The *Copyright Corner* is visited by past president of the Copyright Society of the U.S.A., Roger L. Zissu. His article is entitled *Copyright Luncheon Circle: The Interplay of Copyright and Trademark Law in The Protection of Character Rights with Observations on* Dastar v. Twentieth Century Fox Film Corp.

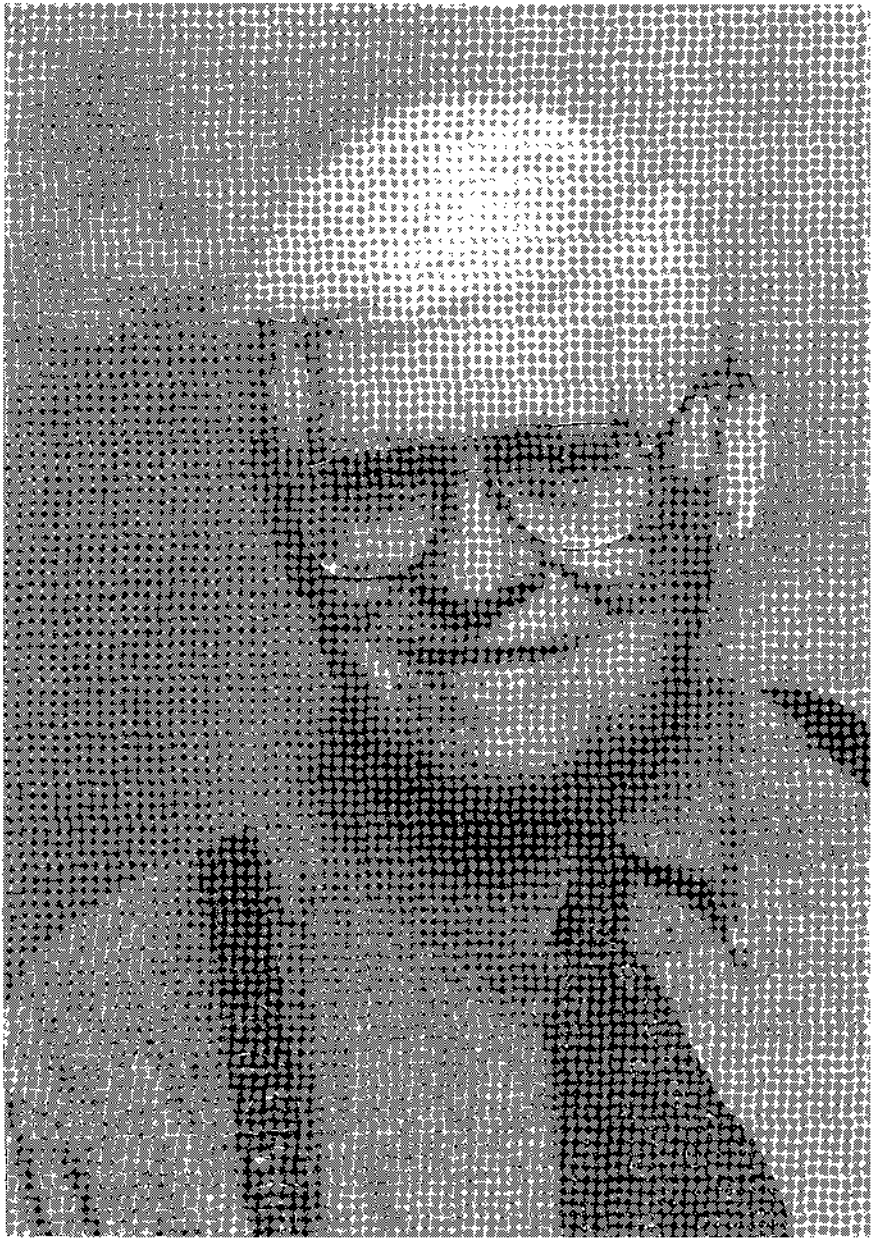
Issue Two concludes with Legislative and Administrative Developments and the Bibliography.

As always, your comments and suggestions are welcome. Ph: (718) 990-6005. Fax: (718) 990-6649. Email: beardj@stjohns.edu.

Joseph J. Beard
Editor-in-Chief

IN MEMORIAM:
PROF. L. RAY PATTERSON

IN MEMORIAM: PROF. L. RAY PATTERSON



1929-2003
POPE BROCK PROFESSOR OF LAW
UNIVERSITY OF GEORGIA SCHOOL OF LAW

In Memoriam: Professor L. Ray Patterson

EULOGY OF L. RAY PATTERSON

November 8, 2003

by his friend and "student," STANLEY F. BIRCH, JR.*

Lyman Ray Patterson was, by any standard, a good man. He was a fine son, a loving husband, a devoted father and grandfather, and a collegial member of the academy. Those of you who knew Ray in those capacities do not need to listen to me speak about what they already know — that Ray was a fine man, the quintessential cultivated, and quietly elegant, Southern gentleman.

The Lyman Ray Patterson that I praise, by any standard, was a truly great man — a giant among the elite of the legal academy. While family and friends forever will keep Ray alive in their mortal hearts and memories, Ray's scholarship will live forever. Future generations of lawyers, judges and legal scholars will be enlightened by his prodigious contributions in copyright and legal ethics. To this date, citation to the writings of Ray have appeared in Supreme Court and lower federal court opinions frequently, and in over 600 law review articles authored by other scholars.

What a priceless legacy he has willed us — a unique and enduring gift that literally keeps on giving. His persuasive and rigorous scholarship will transcend and eclipse the mortal confines of our temporal lives. In his writings, Ray presents an example of prodigious but lightly-worn learning, an understanding of the need to caress, engage and excite readers, an uncompromising honesty to history, and a determination that knowledge ("learning" in copyright vernacular) is to be shared through the public domain, with all who aspire to learn — not only those with an access fee to pay for it. Moreover, the ease and grace by which Ray linked a sometimes introverted academy to other worlds, particularly in bar and library matters, spoke of the numerous community connections he had established, with systematic and determined effort.

Truly Ray was, in familiar copyright terms, an original work of authorship — one his Maker, I am confident, is pleased to have with Him again. To whom much is given, much is expected. Ray was wealthy in intellect, judgment and tenacity — and in return he produced much to enrich mankind. Certainly we all have our own knowledge of Ray as a

*Judge, United States Court of Appeals for the Eleventh Circuit.

scholar, a thinker and a teacher. With your indulgence — and I am humbled and honored to do so — I will share with you some of my own memories of Ray as the great scholar and teacher — one truly possessed of a beautiful mind.

For me, Ray was truly a singular friend. He introduced me to his beloved mistress and encouraged my own love affair with her, which continues to this day. No, not a flirting, fleeting and flamboyant tart but a captivating, enduring and elegant grand dame whose lineage made her one courted and embraced by our Founding Fathers. I speak of the Queen of the law's jealous mistresses — the law of copyright.

As a young attorney, educated in many fields of law, but not truly understanding all that I knew, I had the good fortune to encounter Professor Ray Patterson through our common bonds to the Emory Law School, where he was both professor, and for a time, dean. The catalyst that sparked our chemistry was a client's soft sculpture doll creation. Versed in the pedestrian fields of civil procedure and taxation, I was ignorant of the more esoteric, and to me ephemeral, law of copyright. Our business relationship evolved into a shared passion for our copyright mistress, with Ray the teacher and me the eager and receptive, yet often slow, student. But Ray was patient and, in southern parlance, "threw the corn where the short-legged hogs could reach it." Exciting for me, though I suspect a tortuous and tedious process for Ray, it evolved to a point where he felt comfortable in sharing with me his ever-new perspectives on the law of copyright and its application to our changing modern world. I must tell you that being a sounding board for Ray was akin to being an intellectual blocking dummy (and the pun is intended).

Ray possessed, among his many talents, the rare ability to apply the fundamental and core values and principles of both copyright and ethics to contemporary challenges. A devoted student of history, Ray skillfully and persuasively reminded his students that truly the more things change, the more they remain the same — because, unremarkably, the law is a product of the human condition and that condition remains a defining constant through history.

A former author, from Oxford, Mississippi, once spoke to my creative writing class at the University of Virginia. In response to the question, "Mr. Faulkner, what is it that makes a great writer 'great'?", Faulkner observed: "I think a great writer is one who tells you something that you already know, but in a way that you never thought about it before." By that definition, Professor Lyman Ray Patterson was truly a great writer — and teacher as well.

At this juncture, I will repeat what I said as a preface to an article I contributed to the *Journal of Intellectual Property Law*, its Spring 2003 edition, which appropriately and in retrospect, presciently, was published

in honor of Professor L. Ray Patterson: "Having encountered many legal scholars and practitioners these many years, few if any, hold a candle to Ray's capacity for original and independent thought — not only in copyright but in professional responsibility as well. Whatever meager contribution I have made to the development of the law of copyright is in large measure due to Ray's early tutelage in the core, first principles of copyright in which I now share his passion — even without his depth of insight. Ray has time and again demonstrated his unique proclivity for thoughtful and provocative application of the Copyright Clause to new emerging conflicts spawned by the technological advances of science. Ray is truly an original, whose intellectual and pedagogical contributions will light the way for generations of scholars — and struggling jurists — in the years ahead."

Physically, my beloved mentor and friend, Ray Patterson, is no longer with us. But his life's work, his singular scholarship and writing, will live on and will positively influence not only the course of our great nation, but surely the life of the law worldwide. We all grieve at the loss of our beloved husband, father, grandfather, colleague and friend — but we also celebrate and are thankful for the life of an original work of the Maker's authorship — one that will live eternally through his unique gifts of scholarship and intellectual courage for generations to come.

Ray, my old friend, we will all miss you greatly — but you will always be in our hearts and minds. Godspeed you to your eternal reward.

In Memoriam: Professor L. Ray Patterson

L. RAY PATTERSON: COPYRIGHT (AND ITS MASTER) IN HISTORICAL PERSPECTIVE[1]

by CRAIG JOYCE[2]

> *There is no legal concept so important to so many that is understood by so few as copyright.*
>
> —Lyman Ray Patterson[3]

During a long and distinguished career, L. Ray Patterson, Pope Brock Professor at the University of Georgia School of Law, has been called many things — most of them complimentary![4]

No one else — not even Benjamin Kaplan, Mel Nimmer or Alan Latman, those other Masters of Copyright with whom Ray rightly can be compared — has had an annual "Copyright Hero" award named after him, and by no less a symbol of the centrality of learning in our society than the American Library Association.[5]

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[1] © 2003 Journal of Intellectual Property Law Association and Craig Joyce. This tribute originally appeared in the volume 10, no. 2 of the *Journal of Intellectual Property Law* (Spring 2003), as the Introduction to *Symposium: Articles in Honor of Professor L. Ray Patterson*. The remarks were delivered by the author at the Annual Banquet of the Journal of Intellectual Property Law in Athens, Georgia, on April 17, 2003.

[2] Law Foundation Professor, and Co-Director of the Institute for Intellectual Property & Information Law, University of Houston Law Center. Joyce is the lead author of the widely adopted casebook, *Copyright Law* (6th ed. 2003, with Marshall Leaffer, Peter Jaszi and Tyler Ochoa), edited *The Majesty of the Law: Reflections of a Supreme Court Justice* (2003) by Sandra Day O'Connor, and collaborated with Professor Patterson on two articles: *Monopolizing the Law: The Scope of Copyright Protection for law Reports and Statutory Compilations*, 36 UCLA L. REV. 719 (1989), and *Copyright in 1791: An Essay Concerning the Founders' View of the Copyright Power Granted to Congress in Article I, Section 8, Clause 8 of the U.S. Constitution*, 52 EMORY L. J. 909 (2003).

[3] *Personal Use in Copyright Law: An Unrecognized Constitutional Right* 50 J. Copyr. Soc'y 975 (with Christopher N. Thomas).

[4] Delicacy precludes mention here of the oft-muttered imprecations of the latter-day descendants of the Stationers' Company whom Professor Patterson has dubbed "copyrightists," and whom he has skewered at every turn. They will want to read no farther here!

[5] Information regarding the American Library Association's presentation of the "L. Ray Patterson Award: In Support of Users' Rights" to Professor Patter-

In presenting the first "L. Ray Patterson Award: In Support of Users' Rights" to none other than L. Ray Patterson in 2002, Lawrence Lessig of Stanford[6] referred to Professor Patterson simply as "our model."[7]

Lolly Gasaway of North Carolina[8] called him "a courtly Southern gentleman" whose looks "mask the fact that he is the most radical of copyright scholars."[9]

David Lange of Duke[10] described Professor Patterson as "the conscience of the copyright movement," whose "calls for restraint in the relentless extension of protection have never flagged," and whose "courage and good cheer in the teeth of resistance and indifference have never wavered."[11]

Kenneth Crews of Indiana,[12] noting Professor Patterson's "erudition, honesty, and compassion," described him as a "good son of the South" who, for more than thirty-five years, "has stood unhesitatingly before students, peers, the public, lawyers and librarians, and even Congress and the courts, to tell them as a gentleman and a scholar his honest views about the mistakes all of them are making when the subject turns to copyright."[13]

And Peter Jaszi of American[14] tellingly identified L. Ray Patterson as both a "scholar" whose work has "inspired a generation of scholars — and withstood the test of that new generation's inquiry," and as an "activist"

---

son at its Annual Conference in June of 2002 can be found on the Web at *http://www.info-commons.org/feature.html.*

6 Lawrence Lessig, Professor of Law at Stanford Law School, and Founder and Director of the Stanford Center for Internet and Society.

7 E-mail from Carrie Russell, Copyright Specialist for the American Library Association's Office for Information Technology Policy to the author (July 1, 2002) titled *ALA Honors L. Ray Patterson with Award at Annual Meeting*, taken from the Library Journal Academic Newswire, an e-newsletter service (on file with the author). Information on the Library Journal Academic newswire is available at *http://www.libraryjournal.com/newswire/subscribe.asp* (last visited Apr. 23, 2003).

8 Laura Gasaway, Director of the Law Library and Professor of Law, University of North Carolina at Chapel Hill School of Law.

9 Lolly Gasaway, *L. Ray Patterson: A Tribute*, at *http://www.info-commons.org/gasaway.html* (last visited Apr. 16, 2003).

10 David Lange, Professor of Law, Duke University Law School.

11 David Lange, *L. Ray Patterson: A Tribute*, at *http://www.info-commons.org/lange.html* (last visited Apr. 16, 2003).

12 Kenneth D. Crews, Professor of Law, Indiana University School of Law-Indianapolis, and Director, Copyright Management Center based at Indiana University-Purdue University Indianapolis (IUPUI).

13 Kenneth D. Crews, *L. Ray Patterson: A Tribute*, at *http://www.info-commons.org/crews.html* (last visited Apr. 16, 2003).

14 Peter Jaszi, Professor of Law, and Director, Glushki-Samuelson Intellectual Property Law Clinic, Washington College of Law, American University.

whose books and elegantly crafted articles (which Jaszi describes as "almost too good" for the traditional law reviews) have "made visible the hidden tectonic shift" that occurred with the passage of the Copyright Act of 1976 and "sketched a persuasive basis for constitutional reevaluation" of the developments since.[15]

What label, then, best describes Ray Patterson? Model? Scholar? Activist? Radical? Perhaps, before answering, we should take a few steps back in time to observe the journey that is Professor Patterson's life in copyright.

* * *

The centerpiece of that journey, and also its beginning, was Ray's magisterial study of the history, and pre-history, of Anglo-American copyright, *Copyright in Historical Perspective*, published in 1968 by Vanderbilt University Press. It is the seminal work in our field — and the key to understanding both Ray's purpose, and his achievement, in the three-and-one-half decades of scholarly work he has erected on that foundation.

You may well ask why a young doctoral candidate at Harvard Law School might elect as the topic of his dissertation a subject so esoteric as copyright. The answer, as Ray himself relates, is that a fellow student suggested to him the history of copyright because "nobody knows anything about it." At least, as events proved, nobody knew *much* about it.

Professor Patterson claims to have had great difficulty securing approval for his dissertation at Harvard. It seems that the "Georgia of the North" had no faculty member sufficiently ready, and willing, to essay the task. Accordingly, the school decided to go outside its faculty for a reader. The first reader chosen was a noted bibliographer in London, who proved, however, to be a Communist — a disqualifying condition at the height of the Cold War. The second reader died. In the end, the task fell to the Director of Harvard's rare books library, who heartily approved the dissertation — which, in due course, became *Copyright in Historical Perspective* — and thereby launched Professor Patterson's astonishing prolific career in academia.[16]

Ray's central idea was that copyright is a creature not of *natural law* but of *positive law* — not a *proprietary right*, but a species of *trade regulation*. The charter granted by Philip and Mary to the Guild of Stationers — the booksellers of London — in 1556 included power, administered by the booksellers themselves, to regulate privately all trade in books. Here, then, is one of the many ironies of copyright that Professor Patterson has brought to our attention over the years. Although today we regard copy-

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[15] Peter Jaszi, *L. Ray Patterson: A Tribute*, at *http://www.info-commons.org/jaszi.html* (last visited Apr. 16, 2003).

[16] For proof that "prolific" is no overstatement, see *L. Ray Patterson: A Select Bibliography infra*.

right as the law of culture and learning, its pre-statutory antecedent was created by and for tradespeople. As *Copyright in Historical Perspective* amply demonstrated, the booksellers were more concerned with profit than the promotion of knowledge, and the regime they created reflected that fact. For the stationers' copyright was an exclusive right to publish books — the manuscripts of which the booksellers merely purchased from authors without contributing a whit of originality themselves — and its term was forever.

The reason why the sovereigns granted so much power to so small a group of tradesmen — the Stationers' Charter named but ninety-seven grantees — was the religious controversy spawned by Henry VIII when he broke with Rome. Thereafter, the sovereign, whether Catholic (Mary) or Protestant (Elizabeth I), believed that the security of the throne depended upon preventing the people from reading schismatical, heretical, seditious, or treasonable matter. Preventing the publication of such material made desirable, if not necessary, the printers and publishers as allies. The stationers' copyright was thus supported by the Star Chamber decrees of censorship and, finally, by the Licensing Act of 1662.[17] But when the Glorious Revolution of 1688 resolved the religious controversy in England and assured the Protestant succession, these measures ceased to have any function other than protecting the booksellers' monopoly. In 1694, Parliament allowed the Licensing Act to lapse for all time.

What followed in 1710 was the Statute of Anne.[18] That legislation created for the first time a statutory law of copyright and, as *Copyright in Historical Perspective* brilliantly demonstrates, provided an entirely new regime of trade regulation dramatically different from the stationers' copyright. Parliament set about to restore order to the book trade, and to provide reasonable returns in support of authors' economic interests in their creations,[19] *without* continuing the monopoly on publication which,

[17] 13 & 14 Car. II, c. 33 (Eng.).

[18] Act for the Encouragement of Learning, 1710, 8 Ann. c. 19 (Eng.).

[19] L. Ray Patterson, *The Statute of Anne: Copyright Misconstrued*, 3 HARV. J. LEGIS. 223 (1966), published three years after submission of Professor Patterson's dissertation but two years before the dissertation appeared in book form as *Copyright in Historical Perspective*, first made the point in print that the Statute of Anne was not enacted primarily for the benefit of authors:

> [C]opyright is an author's right only in a limited sense.
>
> An author has two basic interests in his works, an economic interest and a creative interest, and it is the former alone which statutory copyright protects. The economic interest is the one the author shares with the publisher. Since copyright protects only the owner, when the publisher becomes the copyright owner, which is the usual case, the copyright protects the publisher rather than the author. Thus, copyright can be properly viewed as being in fact a publisher's right more than an author's right. *Id.* at 224.

protected by press regulation, had become so comprehensive as to place all printed works under the stationers' ownership and preclude the development of a public domain.

To avoid this problem, the legislators transformed copyright from a *plenary property* right that *inhibited* learning into a limited *competitive right* that *promoted learning*.

The title of the Statute of Anne not only stated the goal ("An Act for the Encouragement of Learning"), but also stated the means. Copyright was to be limited to the right to print and vend published works ("Vesting the Copies of Printed Books"), was to be vested initially in the authors of books ("in the Authors or Purchasers of such Copies"), and was to exist only for a limited time ("during the Times therein mentioned").

Remarkably, in only twenty-seven words, Parliament created three policies of copyright so important and so fundamental that the Founders of our own nation adopted them for the Copyright Clause of the U.S. Constitution:[20] the encouragement of learning (because the title of the Statute of Anne so stated); public access (because copyright was limited to published works); and the creation and enhancement of the public domain (because copyright was available only for new works and was to exist only for limited times).

All this and more — including the famous contests in *Millar v. Taylor*,[21] the 1769 decision in which the booksellers convinced the King's Bench to adopt their natural law theory of copyright, and *Donaldson v. Beckett*,[22] the 1774 House of Lords decision repudiating *Millar* and embracing definitively the positive law theory of the Statute of Anne; the twelve state copyright statutes in pre-constitutional America; the saga of the Copyright Clause itself; the Copyright Act of 1790,[23] which operationalized the *positive law, limited right* theory of copyright in the United States; and *Wheaton v. Peters*,[24] the Supreme Court's great decision vindicating that theory in this country, one would have hoped, for all time — you will find in *Copyright in Historical Perspective*.

Ray's masterwork is, in every sense, a classic. Its conclusions were stunningly original, in the very best copyright sense of that word. It has remained in print longer than most people in this room have been alive. And it has stood the test of time and succeeding scholarship, for much of which it has been the touchstone. Indeed, the publication of *Copyright in*

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[20] U.S. CONST. art. I, § 8, cl. 8.

[21] 4 Burr. (4th ed.) 2303, 98 Eng. Rep. 201 (K.B. 1769) (an anti-Statute of Anne decision).

[22] 4 Burr. (4th ed.) 2408, 2417, 98 Eng. Rep. 257, 262 (H.L. 1774) (a pro-Statute of Anne decision).

[23] Act of May 31, 1790, § 1, 1 Stat. 124 (repealed 1831).

[24] 34 U.S. (8 Pet.) 591 (1834).

Historical Perspective may well be the single most important non-legislative, non-judicial event in contemporary American copyright jurisprudence.

* * *

Ray, of course, has had much to say in the intervening years. Nor has he had a shortage on new ideas along the way. It seems fair, in fact, to characterize Professor Patterson as one of the most original thinkers that the Groves of Academe have produced in this country — an appropriate quality for a student of copyright. Here is but a brief sampling of ideas from his post-1968 *oeuvre*:

> Copyright . . . is not a right of ownership in a given work, but a right, or series of *rights, to which a given work is subject*. . . . [Whether or not decision makers grasp this distinction] has a great deal of impact on the scope of control [they conclude] a copyright proprietor [should] have over a copyrighted work.[25]
>
> To give communications corporations a *proprietary interest in public information and public domain materials* would enhance their power to influence and shape the opinions of millions of people without any means of making them accountable for the responsible exercise of this enormous power.[26]
>
> The law of copyright can be viewed most usefully as *statutory unfair competition* based on the misappropriation rationale. The law's function is to protect the copyrighted work against predatory competitive practices. . . . [I]t follows that the basic constitutional purpose of copyright — promotion of learning — is best served [not by encouraging the creation of works but] by encouraging [their] distribution.[27]
>
> The originality requirement in copyright law is constitutionally *mandated* for all works.[28]
>
> *[P]ersonal use* has been a part of American copyright law from the beginning. . . . To subject to restraints the use that an individual may make of a copyrighted work after it has been publicly

[25] L. Ray Patterson, *Private Copyright and Public Communication: Free Speech Endangered*, 28 VAND. L. REV. 1161, 1209 (1975) (emphasis added).

[26] *Id.* at 1168 (emphasis added). A scathing critique of the Digital Millennium Copyright Act in draft? No. A commentary on then-pending provisions of the Copyright Act of 1976 concerning television!

[27] L. Ray Patterson, *Free Speech, Copyright, and Fair Use*, 40 VAND. L. REV. 1, 6-7 (1987) (emphasis added).

[28] L. Ray Patterson & Craig Joyce, *Monopolizing The Law: The Scope of Copyright Protection for Law Reports and Statutory Compilations*, 36 UCLA L. REV. 719, 763 n.155 (1989) (emphasis added), *cited in* Feist Publ'ns v. Rural Tel. Serv. Co., Inc., 499 U.S. 340, 347 (1991).

disseminated would be contrary to the basic purpose of copyright, which is intended to facilitate the learning process.[29]

[Thanks to new communications technology, today] copyright owners are asserting a proprietary control of copyrighted works to an unparalleled extent . . . The primary intellectual weapon against this onslaught is the *fair use* doctrine. . . . Fair use[, however,] . . . should apply only to the *copyright owner's competitive use* of the copyright. It should not be used to restrict the right of personal use — the individual's use of the work, for his or her learning.[30]

[C]opyright law is *overextended* . . . The copyright statute today . . . [protects information from the public domain] far removed from the "writings" of "authors" that the Constitution empowers Congress to protect. . . . Therefore, it is desirable to remove low-authorship works [protected by what Professor Patterson calls "*neo-copyright*"] from the copyright statute and protect them with a [federal] trade regulation act . . . [affording] only limited protection against competitors, not plenary protection against users.[31]

While profit is not a four-letter word in terms of the free-market system,. . . a statutory guarantee of profit [poses] great risk to the public welfare. . . . The Constitution . . . imposes duties on the copyright owner that require him or her to validate the statutory permission to intrude upon the public domain for private profit. . . . [We must ensure] that copyright owners do not change their *temporary easement* into a fee-simple ownership of the public domain.[32]

[C]opyright can properly be viewed only as a *three-part concept which must serve the interest of three groups*: authors, entrepreneurs, and users. Each has a legitimate interest in copyrighted works — authors in reputation and monetary gain, entrepreneurs in profit, and users in learning. Each group thus has a legitimate claim to consideration by the others because the goals are

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[29] L. RAY PATTERSON & STANLEY W. LINDBERG, THE NATURE OF COPYRIGHT: A LAW OF USERS' RIGHTS 195-96 (1991) (emphasis added).

[30] L. Ray Patterson, *Understanding Fair Use*, 55 LAW & CONTEMP. PROBS. 249, 265-66 (1992) (emphasis added).

[31] L. Ray Patterson, *Copyright Overextended: A Preliminary Inquiry Into the Need for a Federal Statute of Unfair Competition*, 17 U. DAYTON L. REV. 385-87 (1992) (emphasis added).

[32] *Copyright and "the exclusive Right" of Authors*, 1 J. INTELL. PROP. L. 1, 41-43 (1993) (emphasis added).

> interrelated, and the rights leading to those goals must be kept in *proportion*.[33]
>
> [W]hile copyright protects the author's exclusive right *to publish*, the First Amendment protects the citizen's right *to read what is published*. . . . [T]here can be no complete understanding of copyright law without an understanding of [that] relationship. . . .[34]
>
> [C]opyright is . . . *a subset of public domain law*. . . . [But] the law of the public domain is underdeveloped . . . The reason is that . . . [t]he public domain designates material owned by everyone and thus by no one . . . [But] freedom of speech depends in a large measure upon the existence of a public domain.[35]
>
> [A] necessary condition for courts to fulfill their role as the protector of copyright is recognition of the fact that the limitations in the copyright clause *govern the courts in applying copyright statutes as well as to Congress in enacting them*. A copyright statute is not entitled to a presumption of validity and courts must examine its constitutionality *de novo*.[36]

And, most recently, here are twin comments by Professor Patterson on the events of October 27 and 28, 1998, when, on successive days, Congress enacted the Copyright Term Extension Act and the Digital Millennium Copyright Act on what Ray might well describe as "two days that will live in infamy":

> [T]he CTEA serves the interest of no one except . . . copyright holders . . . and their heirs. . . . In terms of scope, copyright can be viewed as a horizontal monopoly; in terms of time, copyright can be viewed as a vertical monopoly. In combination, the result is to enhance the copyright monopoly in *geometric, not arithmetic*, terms. That is why the CTEA is so harmful to the public welfare.[37]
>
> [T]he . . . DMCA . . . exemplifies the core issue of copyright in the new millennium — *the conflict between property rights and political rights* . . . Just as copyright was a device of public censor-

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[33] *Id.* at 41.

[34] L. Ray Patterson & Stanley F. Birch, Jr., *Copyright and Free Speech Rights*, 4 J. INTELL. PROP. L. 1, 2 (1996) (emphasis added).

[35] L. Ray Patterson, *The Worst Intellectual Property Opinion Ever Written:* Folsom v. Marsh *and Its Legacy*, 5 J. INTELL. PROP. L. 431, 444 (1998) (emphasis added).

[36] L. Ray Patterson, *Understanding the Copyright Clause*, 47 J. COPYR. SOC'Y 365, 396 (2000) (emphasis added) (article cited with approval in *Eldred v. Ashcroft*, 537 U.S. 186, 201 (Breyer, J., dissenting).

[37] L. Ray Patterson, Eldred v. Reno*: An Example of the Law of Unintended Consequences*, 8 J. INTELL. PROP. L. 223, 224, 239 (2001) (emphasis added).

> ship in seventeenth-century England, the DMCA is a device of private censorship in the [twenty-first]-century U.S.[38] [T]he Digital Millennium Copyright Act . . . of 1998 in the United States is [simply] a modern version of the Licensing Act of 1662 in England.[39]

There is, of course, much, much more. Professor Patterson's piece in the present issue of the *Journal of Intellectual Property Law*, *What's Wrong with Eldred? An Essay on Copyright Jurisprudence*,[40] more than ably speaks for itself. And his most recent piece with me, *Copyright in 1791: An Essay*,[41] arguing that the widely supposed "conflict" between the Copyright Clause and the First Amendment is an artifact of insufficient knowledge concerning the common origins of those two provisions of the Constitution, will be in the hands of a waiting world soon enough.

Suffice it to say here that reading Ray Patterson's work is both a joy, because of the sheer elegance of his writing, and a revelation, because doing so is a constant process of enlightenment.

Ray's role in the creation of ideas, and then setting them before us for our instruction, can be compared to the child in Hans Christian Andersen's *The Emperor's New Clothes*. Like the child who pointed out that the Emperor had no clothes, Professor Patterson continually points out to readers — and, I have no doubt, to his students as well — that commonly accepted ideas are not always logically sound: for example, that the phrase "to Promote the Progress of Science" in the Copyright Clause is window dressing if it is merely recited, but without underlying substantive content.

Recall that, in the fairy tale, the fraud by the swindling weavers was based on their claim that one who could not see the magnificent cloth they did not weave was unfit for office. Ray's instruction to us is that the latter-day descendants of the booksellers, mimicking those weavers, claim that authors deserve copyright as a matter of natural law, that their entitlement should last at least until the end of civilization (if not of time itself),[42] and that anyone who does not agree is unfit to comment.

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[38] L. Ray Patterson, *Copyright in the New Millennium: Resolving the Conflict Between Property Rights and Political Rights*, 62 OHIO ST. L.J. 703-04 (2001) (emphasis added).

[39] L. Ray Patterson, *The DMCA: A Modern Version of the Licensing Act of 1662*, 10 J. INTELL. PROP. L. 1 (2002).

[40] L. Ray Patterson, *What's Wrong With* Eldred*? An Essay on Copyright Jurisprudence*, 10 J. INTELL. PROP. L. 345 (2003).

[41] L. Ray Patterson, *Copyright in 1791: An Essay Concerning the Founders' View of the Copyright Power Granted by Congress in Article I, Section 8, Clause 8 of the U.S. Constitution*, 52 EMORY L.J. 909 (2003).

[42] Recall that the CTEA was named after a Member of Congress, who, the legislative history records, "wanted the term of copyright protection to last for-

One can, of course, carry the analogy too far, but the similarity of the claim of a magnificent non-existing cloth to the claim of an all-encompassing non-existing natural law copyright is not to be dismissed lightly, as Professor Patterson so often has reminded us. As his example teaches eloquently, ideas — and the courage to propound them — can matter profoundly.

I would like, finally, to answer the question I posed at the beginning: What should we call Ray Patterson? Of all of the titles we might bestow on him, every scholar in the present issue of the *Journal of Intellectual Property Law* who has learned at his feet, and every student who has attended one of his classes for the past forty years now, would agree on the label I propose tonight. In everything he has written over the years, and in every classroom he has graced with charm and wit and erudition and conviction, Ray Patterson has been above all, and to all, a teacher.

And so, a toast: To PROFESSOR PATTERSON. Copyright Hero. Model. Scholar. Activist. Radical. Teacher. And may I add with the greatest pride on this very special occasion: Friend.

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ever." 144 Cong. Rec. H9952 (daily ed. Oct. 7, 1998) (statement of Rep. Mary Bono).

In Memoriam: Professor L. Ray Patterson

A TRIBUTE TO PROFESSOR L. RAY PATTERSON

by CHRISTOPHER M. THOMAS*
Student and Friend

On November 5, 2003, Professor L. Ray Patterson died in Athens, Georgia. Professor Patterson was a singular person of great wit, gigantic intellect and generous spirit. I was fortunate to have known him as a teacher and as a friend.

Professor Patterson's impact on copyright law is as obvious as it is profound. Indeed, one need look no further than the U.S. Supreme Court's recent decision in *Eldred v. Ashcroft*,[1] in which his work was cited in both the majority and a dissenting opinion,[2] to see Professor Patterson's significant influence on copyright law. It is fitting that these citations include his 1968 book, *Copyright in Historical Perspective*,[3] and an article published thirty-two years later in this Journal,[4] because Professor Patterson continued to think, study and write about copyright law from the time he first studied it as a student at Harvard until his passing.[5]

Professor Patterson's accomplishments as a scholar and academic were equaled by his influence as a teacher. As a scholar, his genius was his capacity to understand the complex in simple terms. As a teacher, his gift (and therefore ours) was his ability to communicate this understanding clearly. As he put it, Professor Patterson taught "the fundamentals."

Professor Patterson was interested in his students and in what they thought about his teaching. Tellingly, forty-four years after he began his career as a teacher of law, he said that he was doing his best teaching. His

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1 537 U.S. 186 (2003).

2 *See id.* at 201 (2003); *id.* at 260-61 (Breyer, J., dissenting).

3 Vanderbilt University Press (Nashville 1968).

4 *See Eldred*, 537 U.S. at 260 (Breyer, J., dissenting) (citing L. Ray Patterson, *Understanding the Copyright Clause*, 47 J. COPR. SOC'Y 365, 379 (2000)).

5 To describe Professor Patterson as a prolific writer would be an understatement. A listing of his work in the area of copyright published in 2003 alone includes: *Copyright in 1791: An Essay*, 52 EMORY L.J. 909 (2003) (with Craig Joyce); *Personal Use in Copyright Law: An Unrecognized Constitutional Right*, 50 J. COPR. SOC'Y 475 (2003) (with Christopher M. Thomas); *What's Wrong with* Eldred*? An Essay on Copyright Jurisprudence*, 10 J. INTELL. PROP. L. 345 (2003).

continued evolution as a teacher likely came from his enjoyment of both scholarly research and writing and the give-and-take with his students in and out of the classroom. Therefore, it is appropriate that his writings will instruct future generations of copyright scholars.

It is a testament to his brilliance and his skills as a communicator that his pupils included not only the students who studied with him, but also judges, legislators and other academics who read his work or heard him speak. He was the inspiration for, and the driving force behind, the establishment of the *Journal of Intellectual Property Law*,[6] a student-run journal at the University of Georgia School of Law, which recently published a symposium in his honor.[7] The esteem in which he was held by his colleagues was great and was matched by the admiration his students had for him, a result of the intellectual rigor of his teaching and the affection and respect Professor Patterson always demonstrated towards those he met.

Professor Patterson was truly an ornament to his profession. His enthusiasm for his work was surpassed only by his love of family, and a memorial to him would be incomplete if it failed to mention the great affection that they shared. On behalf of his students, I thank his family for sharing Professor Patterson with us these many years and offer them our lasting gratitude and heartfelt sympathy.

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[6] *See* The Editor's Page, 1 J. INTELL. PROP. L. v (1993).

[7] 10 J. INTELL. PROP. L. 239 (2003).

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PART I

ARTICLES

SHEEP IN GOATS' CLOTHING: SATIRE AND FAIR USE AFTER *CAMPBELL V. ACUFF-ROSE MUSIC, INC.*

by ANNEMARIE BRIDY*

> *[N]o workable presumption for parody could take account of the fact that parody often shades into satire when society is lampooned through its artifacts, or that a work may contain both parodic and nonparodic elements.*[1]
>
> Justice David Souter

> *In the vast majority of texts, parody and satire are likely to overlap, particularly if they are used in tandem to reinforce the ultimate ideological and aesthetic objectives of the writer.*[2]
>
> Michael Issacharoff

INTRODUCTION

After thirty-five years of silence on the question of whether parodies of copyrighted works are entitled to special consideration under the doctrine of fair use, the Supreme Court in *Campbell v. Acuff-Rose Music, Inc.* held that the Sixth Circuit Court of Appeals had erred in failing to adequately appreciate the fact that "recognizable allusion" is both a necessary and a legitimate feature of parody.[3] To help explain why parodic borrowing must be viewed differently from other kinds of borrowing, Justice Souter, writing for the majority in the case, invoked a distinction between parody and satire. Parody, Justice Souter reasoned, needs to mimic an original to make its point and is therefore justified in aiming at the crea-

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[1] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 581 (1994).

[2] Michael Issacharoff, *Parody, Satire, and Ideology*, 42 RIVISTA DI LETTERATURE MODERNE E COMPARATE 211, 214 (1989).

[3] *Campbell*, 510 U.S. at 598 (concluding that the Sixth Circuit "erred in holding that 2 Live Crew had necessarily copied excessively from the Orbison original, considering the parodic purpose of the use"). The Sixth Circuit had concluded that "taking the heart of the original and making it the heart of a new work" constituted an impermissibly substantial borrowing. Acuff-Rose Music, Inc. v. Campbell, 972 F.2d 1429, 1438 (6th Cir. 1992), *rev'd*, 510 U.S. 569 (1994).

tive content of the original.[4] Satire, by contrast, "can stand on its own two feet" and therefore "requires justification for the very act of borrowing."[5]

Implicit in Justice Souter's distinction is the notion, advanced by the literary critic Linda Hutcheon among others, that the important generic difference between parody and satire lies in their respective objects or targets. According to Hutcheon, parodies level their aim at "intramural" targets, which means they target other texts (or, in her words, other forms of "coded discourse"). Satires, by contrast, take aim at "extramural" targets, meaning they target something or someone in the world at large.[6] So, whereas parodies by definition rely on existing written works to do what they do (literarily and critically speaking), satires can theoretically function independently of other artistic works.

The legal consequences of Justice Souter's dichotomy seem clear enough: parodists are entitled to greater latitude than satirists when courts consider how much and what kind of borrowing is permissible before a defendant can be said to have crossed the line between fair use and infringement. But beyond inviting the fairly obvious inference that parody is to be privileged over satire for purposes of the fair use analysis, *Campbell* does not provide very clear guidance to courts faced with hybrid works that incorporate both parodic and satiric elements. *Campbell* doesn't, as the Court itself said any useful test for adjudicating the fair-use factors must, provide a workable way of separating the "fair use sheep" from the "infringing goats" when it comes to works that borrow to achieve both parodic and satiric ends.[7]

A tricky question emerges from the case: If a parodic work, to use Justice Souter's words "shades into satire,"[8] is it legally speaking no longer classifiable (and therefore no longer defensible) as a parody? Should it be regarded as having crossed a critical boundary for fair use purposes? *Campbell* suggests that it should, but there are actually compelling reasons, rooted in the principles underlying the doctrine of fair use, why some types of parodic works that "shade into satire" should not be so regarded. After examining the curious development of the parody/satire distinction within the law of fair use, this article will draw on literary theory to propose a workable and more accurate taxonomy than that provided in *Campbell*, by means of which courts engaging in a fair use analysis can evaluate works that are hybrids of parody and satire. I will argue that the

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[4] *Campbell*, 510 U.S. at 580-81.

[5] *Id.* at 581.

[6] *See* LINDA HUTCHEON, A THEORY OF PARODY 43 (2000). A fuller discussion of this distinction, and of its legal implications, follows in a later section of this article.

[7] *Campbell*, 510 U.S. at 581.

[8] *Id.* at 586.

meaningful distinction to be made in the fair use analysis of hybrid works is not a distinction between parody and satire but between two discrete forms of satirical parody — directly satirical parody (which, in light of precedent, ordinarily would *not* be entitled to fair use protection) and indirectly satirical parody (which, considered in the same light, ordinarily would).

I. PARODY AND SATIRE BEFORE CAMPBELL

Prior to its ruling in *Campbell*, the Supreme Court had only once before been presented with a copyright infringement case involving the parody fair use defense. In that case, *Columbia Broadcasting System v. Loew's*,[9] an equally divided Court affirmed without opinion the Ninth Circuit's holding that CBS's TV burlesque of Loew's film adaptation of the play *Gas Light* infringed Loew's copyright. The Ninth Circuit, affirming the trial court's judgment, based its holding on the principle that "a parodized or burlesque taking is to be treated no differently from any other appropriation."[10] CBS argued that its parody should be protected under the doctrine of fair use as a form of literary criticism or comment.[11] So unpersuaded was the Ninth Circuit by this argument that it wryly dismissed CBS's defense as "a parody upon the meaning of criticism."[12] In the eyes of a clearly skeptical court, no "beguiling dissertation on the history of the drama, of English literature, of parody, and of burlesque" could have convinced them that copying "the substance of another's work" could be anything other than an infringement of that person's copyright.[13]

Though finding for the plaintiff, the trial court in *Benny* went out of its way to say that it had not "sounded a death knell on burlesque."[14] The case's holding, Judge Carter wrote, applied only to those parodic works that borrow "the whole or a substantial part" of the original.[15] Emphasizing the restricted scope of its holding, the court offered assurance that there still existed a safe zone for the parodic borrower within the doctrine of fair use. That zone, however, turned out to be extremely small. When contemplating how much borrowing by a parodist would be permissible, the court offered a decidedly less-than-liberal standard, suggesting that

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9 356 U.S. 43 (1958), *aff'g by an equally divided court* Benny v. Loew's, Inc., 239 F.2d 532 (9th Cir. 1956), *aff'g* Loew's, Inc. v. Columbia Broad. Sys., 131 F. Supp. 165 (S.D. Cal. 1955) [hereinafter Benny].

10 *Benny*, 239 F.2d at 537 (quoting from the district court's opinion).

11 *Id.*

12 *Id.*

13 *Id.*

14 *Loew's*, 131 F. Supp. at 185.

15 *Id.*

"an isolated incident, character, event, theme or setting"[16] would be permissible. Under such a stringent standard, only those parodic works borrowing very insubstantially from a copyrighted original would fall safely within the protective limits of fair use.

Less than a year later, however, in *Columbia Pictures Corp. v. National Broadcasting Co.*[17] — another claim alleging that a television network had infringed a movie studio's copyright by airing a TV spoof — the same judge recognized that it is in the nature of parody to require something more than the isolated borrowing permitted by *Benny*:

> Since a burlesquer must make a sufficient use of the original to recall or conjure up the subject matter being burlesqued, the law permits more extensive use of the protectible portion of the copyrighted work in the creation of a burlesque of that work than in the creation of other fictional or dramatic works not intended as a burlesque of the original.[18]

In this first articulation of the now-canonical "conjure up" test, the court in *Columbia Pictures* acknowledged that the relationship between a parody and the work it targets is necessarily an intimate one, and that fair use doctrine should therefore accommodate some greater degree of similarity in cases involving parodies than might otherwise be allowed.[19] But how much greater? The court remained careful in its characterization of what would be permissible, walking the same tightrope subsequent courts have walked in trying to balance the fair use rights of the parodist with the intellectual property rights of aggrieved copyright owners. While the "isolated incident"[20] standard from *Benny* was expanded slightly in *Columbia Pictures* to allow "an incident or *some* incidents,"[21] the court still seemed determined to hold the line with respect to the amount and substantiality of borrowing. The parodist under *Columbia Pictures* was restricted to using, for example, "some *small and unsubstantial* part of the development of the story, and some *small and unsubstantial* amount of the dialogue."[22] The dissonance between the meagerness of these allowances and the court's professed tolerance, in the very same paragraph of the opinion, for "more extensive" borrowing is symptomatic of a historical ambivalence in the cases regarding the license to copy that parody demands.

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16 *Id.*

17 137 F. Supp. 348 (S.D. Cal. 1955).

18 *Id.* at 354.

19 *Id.* at 352. The court acknowledged that borrowing is a "necessary element" of burlesque. *Id.*

20 Loew's, Inc. v. Columbia Broad. Sys., 131 F. Supp. 165, 185 (S.D. Cal. 1955), *aff'd* 239 F.2d 532 (9th Cir. 1956).

21 *Columbia Pictures*, 137 F. Supp. at 354 (emphasis added).

22 *Id.* (emphasis added).

Since the early cases, courts have grappled, some more directly and explicitly than others, with the question of what it is that makes parodic borrowing exceptional. This exercise has inevitably entailed efforts to define what parody is and to distinguish it from other literary genres having the same or similar functions and conventions. The variety of terms used to describe allegedly infringing works and the frequency with which such terms are interchanged in cases involving parodies indicate the extent to which a stable concept of parody has eluded courts. In a footnote in *Benny*, the district court made the following observation a propos of the semantic confusion:

> It will be noted that the words 'burlesque,' 'parody,' 'satire' and 'travesty' are often used interchangeably. They do have certain technical distinctions, i.e., 'parody' is usually the imitation of style or form; 'satire' often carries the connotation of bitterness; 'travesty' is synonymous with 'burlesque' but is sometimes used to mean a long burlesque. . . .While parody (q.v.) also based on imitation, relies for its effect more on the close following of the style of its counterpart, burlesque depends on broader and coarser effects.[23]

The court's characterization of the distinctions among the genres as "technical" conveys the view that, for legal purposes at least, they are not meaningfully different. This view is reflected in the fact that both the district court and the Ninth Circuit in *Benny* treated the terms "parody" and "burlesque" as essentially fungible.[24] While not defining either term explicitly, the Ninth Circuit focused on the intended humorous effect of the accused work, pointing out that the defendant, Benny, had endeavored to transform a dramatic original by "introducing comic devices of clownish garb, or movement, or facial distortion of the actors."[25] In the *Columbia Pictures* opinion, the terms "farce,"[26] "comedy,"[27] and "burlesque"[28] all appear, with the court offering an explicit definition only of its preferred

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[23] *Loew's*, 131 F. Supp. at 186 n.31.

[24] *See, e.g., id.* at 167, 168, 169, 171, 172, 173, 176, 177 (using the term "burlesque") and at 167, 169, 176, 177 (using the term "parody"). Courts in subsequent cases have also treated the terms as synonyms. *See, e.g.*, MCA, Inc. v. Wilson, 425 F. Supp. 443, 453 n.17 (S.D.N.Y. 1976), *aff'd and modified*, 677 F.2d 180 (2d Cir. 1981) (asserting that "[f]or the purposes of this opinion the fine distinctions between burlesque and parody are ignored").

[25] Benny v. Loew's, Inc., 239 F.2d 532, 537 (9th Cir. 1956). Similarly, the district court focused on the fact that the accused work had "inverted the mood [of the original] from serious to humorous" using "gags, puns, exaggerated mimicry, slapstick, and distortion." *Loew's*, 131 F. Supp. at 184.

[26] *Columbia Pictures*, 137 F. Supp. at 349.

[27] *Id.*

[28] *Id.*

term, "burlesque": "a recognized form of literary art . . . [in which] a part of the content is used to conjure up at least the general image of the original."[29]

"Satire," mentioned only in passing in *Benny*, emerged as a term with distinct legal significance in *Berlin v. E.C. Publications*,[30] a case involving *Mad* magazine parodies of a number of popular songs. *Mad*'s publishers had printed comical lyrics, instructing readers to sing them to the tunes of the original songs. The Second Circuit, without making any semantic distinction between "satire" and "parody," premised its decision on the principle that satire and parody are both rightfully entitled to the law's protection: "we believe that parody and satire are deserving of substantial freedom — both as entertainment and as a form of social and literary criticism."[31] The Second Circuit's acceptance in *Berlin* of the notion that parody serves a socially important critical function marked a clear departure from the Ninth Circuit's skepticism in *Benny* about the legitimacy of parody as criticism.

The Second Circuit differed, too, in its view of the wisdom of having so stringent a test as the one set out in *Benny*. Although the court found it unnecessary given the facts in *Berlin* to "determine whether parody and satire require a greater freedom than that afforded by the 'substantiality' test outlined in *Benny*,"[32] it was clearly not unsympathetic to concerns that the restrictions imposed in *Benny* could hamper the development of the art of parody[33] — an outcome antithetical to the constitutional purposes of copyright.[34] Reserving the prerogative to adopt a more liberal standard in the future, the *Berlin* court made a point of emphasizing *Benny*'s lack of precedential weight.[35]

Although the Second Circuit in *Berlin* treated parody and satire as equally entitled to special legal protection, the district court in the case made a dispositive, and in retrospect seminal, distinction between the two genres. This distinction turned on the question of the works' respective objects or targets. *Mad* had presented the works at issue in the case as "'a

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[29] *Id.* at 352.

[30] 329 F.2d 541 (2d Cir. 1964).

[31] *Id.* at 545.

[32] *Id.*

[33] The *Berlin* court was impressed by scholars' criticism of the *Benny* decision, citing several law review articles by commentators who suggested that the stringency of the *Benny* test would have deleterious effects of the progress of literature. *Id.* at 544-45.

[34] "The Congress shall have Power . . . To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. CONST. art. I, § 8, cl. 8.

[35] *Berlin*, 329 F.2d at 545 n.3.

collection of parody lyrics to fifty-seven old standards which reflect *the idiotic world we live in today.*'"[36] The lyrics were intended not to poke fun at the songs themselves, but to ridicule a variety of pop-culture phenomena, including, for example, baseball great Roger Maris's "selling out" to become a corporate pitchman.[37] The court reasoned that because *Mad* had not directly targeted the lyrics of the original works, the *Mad* songs were not (notwithstanding the defendant's own characterization of them) parodies. Quoting from the *Webster's New International Dictionary*, the district court defined parody as "a writing in which the language and style of an author, or poem, or other work, is closely imitated or mimicked."[38] Pointing out that the subject matter of *Mad*'s parodies differed completely from that of the originals, the court found that "[*Mad* had] not *parodied* [the original] lyrics. Rather they [had] *satirized*, in original words and thought, several aspects of modern life."[39]

Benny's parody rule was inapplicable to the case, the court concluded, because *Mad* had not targeted the original songs themselves for ridicule (i.e., by borrowing or reproducing the lyrics) but had instead used the song tunes merely as a means to another end — the satirization of modern life. In the district court's analysis, *Mad* saved itself from the rigors of the *Benny* test by coopting the songs at issue not for the purpose of poking fun at their style or substance, but with the aim of using them to skewer the world at large.[40] By holding that the *Mad* lyrics were not, in fact, parodies of the original Berlin works, the Court circumvented *Benny*.[41] Since there was no binding case law holding that satiric use (as opposed to parodic use) wasn't fair, the district court steered clear of *Benny* by invoking a distinction between parody and satire, and by finding that the defendant's use of the works in question fell squarely (and fairly) within the limits of the latter category.[42]

Although *Berlin*'s novel distinction between parodic and satiric use did not figure expressly into the decision in *Walt Disney Productions v.*

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[36] *Id.* at 543 (emphasis added).

[37] *Id.* at 542. The ballad *The Last Time I Saw Paris* had been transformed by *Mad* into "The First Time I Saw Maris." *Id.* at 543.

[38] Berlin v. E.C. Publ'ns, Inc., 219 F. Supp. 911, 913 (S.D.N.Y. 1963), *aff'd*, 329 F.2d 541 (2d Cir. 1964).

[39] *Id.* at 914 (emphasis added).

[40] *Id.*

[41] *Id.* at 913 (citing *Benny*). Despite the fact that the *Benny* decision did not carry a majority of the Supreme Court Justices, the district court in *Berlin*, unlike the Second Circuit, seems to have considered itself bound by the high court's equally divided affirmance of the Ninth Circuit decision in the case.

[42] By invoking the generic distinction, the court could hold for E.C. Publications (*Mad*) without seeming to reject the (controversial) teaching of *Benny*.

Mature Pictures Corp.,[43] the next parody case to come before the Southern District of New York, the question of what or whom the parodist could legitimately target was again implicated in the court's fair use analysis. Plaintiff Disney sought and won a preliminary injunction to prevent Mature Pictures from using *The Mickey Mouse March* as background music during an explicit scene in a movie depicting the sexual coming-of-age of a group of teenaged boys.[44] Mature Pictures argued that the music was being used in its film to "highlight and emphasize the transition from childhood to manhood . . . in a highly comical setting,"[45] and that the scene in question was "merely a 'humorous take-off' on the [Disney song]."[46] Applying the "conjure up" test from *Columbia Pictures*, the court held that the defendant, by playing the entire song over and over again, had used much more of the original than was necessary to accomplish any legitimate parodic purpose.[47] The amount of borrowing, however, was not the only factor weighing against the defendant; the court regarded the object of the defendant's borrowing as equally problematic.

In the judgment of the court, Mature Pictures was not only guilty of overkill, its shot had fallen wide of an acceptable parodic mark: "While defendants may have been seeking in their display of bestiality to parody *life*, they did not parody *the Mickey Mouse March* but sought only to improperly use the copyrighted material."[48] Whereas the district court in *Berlin* had thought it permissible for the defendant to make use of a copyrighted work to ridicule something beyond the scope of that work (e.g., the world at large), the same court in *Mature Pictures* said just the opposite: instrumentalizing a copyrighted work to critique something or someone external to the work itself is not a protected use. Can these two divergent decisions be reconciled? Perhaps. If one regards the amount and substantiality of the borrowing in each case as the truly decisive factor, the outcomes make sense: *Mad* had completely changed the lyrical subject matter of Berlin's songs, and it had not actually reproduced in print any of Berlin's music; Mature Pictures, by contrast, had made no alterations whatsoever to Disney's song and had repeatedly reproduced both the music and the lyrics in their entirety. However, in terms of what constitutes a legally permissible *target* for a defendant pursuing a parody defense, the two cases point in opposite directions.

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[43] 389 F. Supp. 1397 (S.D.N.Y. 1975).

[44] *Id.* at 1397.

[45] *Id.* at 1398.

[46] *Id.*

[47] *Id.*

[48] *Id.* (emphasis added).

Mature Pictures' disapproval of extramural targets carried the day with the district court in *MCA v. Wilson*,[49] a case involving a sexually explicit parody of the World War II-era song *Boogie Woogie Bugle Boy*. In *Berlin*, the fact that the accused works were found not to be parodies meant, ironically, that they were protected under the doctrine of fair use; however, in *MCA*, the court's finding that the accused work "[was] not a parody or burlesque of Bugle Boy"[50] yielded the opposite result. The work was found to be infringing because it had targeted not "Bugle Boy" itself but the sexual mores of the era of which the song was a product:

> First, defendants concede that ["The Cunnilingus Champion of Co. C"] was not intended to be a parody of Bugle Boy in the sense of taking Bugle Boy out of context in an attempt to hold it up to ridicule. Defendants may have sought to parody life, or more particularly sexual mores and taboos, but it does not appear that they attempted to comment ludicrously upon Bugle Boy. . . . [Champion] attempts to burlesque life, more particularly sexual mores. This purpose does not justify the unwarranted use and abuse of Bugle Boy.[51]

The district court in *MCA* thus fell back on the view from *Mature Pictures* that parodies using an original copyrighted work simply as a vehicle for ridiculing an extramural object are not protected under the doctrine of fair use. Taken together, these two decisions undercut *Berlin*'s more permissive stance that it is acceptable for a borrower to use a copyrighted work in order to ridicule or poke fun at (or, in the terminology of *Berlin* to "satirize") the world in general.

Not surprisingly, the decision in *Elsmere Music, Inc. v. National Broadcasting Co.*[52] — the next in the line of parody cases to come before the Southern District of New York — turned on a resolution of the doctrinal incongruity between *Berlin* on the one hand and *Mature Pictures* and *MCA* on the other. Elsmere, owner of the copyright in the "I Love New York" advertising campaign, sued NBC alleging that a *Saturday Night Live* parody of the campaign entitled "I Love Sodom" infringed its copyright. Elsmere argued, citing *Mature Pictures* and *MCA*, that the *SNL* parody was not a fair use because it did not directly target the song or the campaign itself but merely used the song as a way of targeting the City of New York and its image problems.[53] In dicta, the court categorically rejected the argument, citing back to *Berlin*:

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[49] 425 F. Supp. 443 (S.D.N.Y. 1976), *aff'd*, 677 F.2d 180 (2d Cir. 1981).
[50] *Id.* at 453.
[51] *Id.*
[52] 482 F. Supp. 741 (S.D.N.Y. 1980), *aff'd*, 623 F.2d 252 (2d Cir. 1980).
[53] *Id.* at 745.

> [E]ven if it were found that 'I Love Sodom' did not parody the plaintiff's song itself, that finding would not preclude a finding of fair use. Under the holding of *Berlin v. E. C. Publications, Inc.*, *supra*, and the criteria set down in § 101 of the 1976 Copyright Act, 17 U.S.C. § 107, *the issue to be resolved by a court is whether the use in question is a valid satire or parody, and not whether it is a parody of the copied song itself.* To the extent that either *MCA* or *Walt Disney* [*v. Mature Pictures*] can be read to require that there be an identity between the song copied and the subject of the parody, this Court disagrees.[54]

Asserting the permissibility of a disidentity between the target of a parody and the work used to aim at that target, the *Elsmere* court registered its preference for resolving the discrepancy between *Berlin* and *Mature Pictures/MCA* in favor of allowing parodists to use the works from which they borrow as a means of criticizing extramural targets.

This reasoning was substantially endorsed by the Second Circuit in its opinion in the *MCA* appeal. Confronted with the contradictory stances taken by the district court in *Elsmere* and *MCA*, the Second Circuit found that there was error in the *MCA* opinion and resolved the conflict in favor of allowing extramural targets: "We agree with appellants' argument to the extent of holding that a permissible parody need not be directed solely to the copyrighted song but may also reflect on life in general."[55] The court added an important qualification: "However, if the copyrighted song is not at least in part an object of the parody, there is no need to conjure it up."[56] Unlike the district court in *Elsmere*, which theoretically allowed for a complete lack of identity between the copied work and the parodic target, the Second Circuit in *MCA II* required that there be at least a partial identity between the two.

After *MCA II*, then, the rule that had evolved in the Second Circuit was that parodists could borrow from a copyrighted work to criticize an extramural target, so long as the copyrighted work was in some way also a target of the parody. In other words, the copyrighted work could not be used purely as a means of criticizing something else; it could be an instrument of criticism or ridicule, but it also had to be a target of criticism or ridicule in its own right.[57] This rule is consistent with the one that had

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[54] *Id.* at 746 (emphasis added).

[55] MCA, Inc. v. Wilson, 677 F.2d 180, 185 (2d Cir. 1981) [hereinafter *MCA II*].

[56] *Id.*

[57] Note that this rule is not quite consistent with the result in *Berlin*. The Second Circuit in *Berlin* observed that the defendant's works "were as diverse in their targets for satire as they were broad in their humor." *Berlin*, 329 F.2d at 543. But among those targets were not the copyrighted works themselves.

developed by the same time in the Ninth Circuit. In *Walt Disney Productions v. Air Pirates*, the Ninth Circuit Court of Appeals did not "regard it as fatal . . . that the 'Air Pirates' were parodying life and society in addition to parodying the Disney characters."[58] However, the Ninth Circuit in *Air Pirates* articulated a caveat similar to the one laid down by the Second Circuit in *MCA II*: "To the extent that the Disney characters are not also an object of the parody, however, the need to conjure them up would be reduced if not eliminated."[59]

A series of decisions in both circuits after *MCA II* and *Air Pirates* followed this rule. In the Ninth Circuit, there was *Fisher v. Dees*,[60] a case alleging that Dees' parodic song *When Sonny Sniffs Glue* infringed Fisher's copyright in the '50s standard *When Sonny Gets Blue*. The court held for Dees, affirming the district court's summary judgment.[61] Plaintiffs argued that Dees' parody was not directed at the original and was therefore not entitled to fair use protection.[62] The court disagreed, holding that "it was clear to us that Dees's version was intended to poke fun at the composer's song, and at [the performer's] rather singular vocal range."[63] The court "reject[ed] the notion that the song was used merely as a vehicle to achieve a comedic objective unrelated to the song, its place and time."[64]

In the Second Circuit, decisions in *Steinberg v. Columbia Pictures Industries*,[65] *Rogers v. Koons*,[66] and *United Feature Syndicate v. Koons*[67] also relied to some extent on determinations concerning the permissibility of extramural targets. The dispute in *Steinberg* involved a movie poster promoting the movie *Moscow on the Hudson*. Steinberg sued alleging that Columbia's poster infringed his copyright in an illustration he had drawn for the *New Yorker* magazine depicting "a parochial New Yorker's view of the world."[68] Holding for Steinberg, the court rejected Columbia's argument that the poster was protected as fair use under the parody branch of the doctrine:

> As this circuit has held, the copyrighted work must be 'at least in part an object of the parody' [citing *MCA II*]. The record does

58 581 F.2d 751, 758 n.15 (9th Cir. 1978), *aff'g* 345 F. Supp. 108 (N.D. Cal. 1972) (on copyright infringement claims only).
59 *Id.* at 758 n.15.
60 794 F.2d 432 (9th Cir. 1986).
61 *Id.* at 440 (concerning the copyright claim in the case).
62 *Id.* at 436.
63 *Id.*
64 *Id.*
65 663 F. Supp. 706 (S.D.N.Y. 1987).
66 960 F.2d 301 (2d Cir. 1992), *aff'g* 751 F. Supp. 474 (S.D.N.Y. 1990).
67 817 F. Supp. 370 (S.D.N.Y. 1993).
68 *Steinberg*, 663 F. Supp. at 709.

> not support a claim that the defendants intended to satirize plaintiff's illustration;. . . Defendants' variation on the visual joke of plaintiff's illustration does not, without an element of humor aimed at some aspect of the illustration itself, render it a parody and therefore a fair use of the plaintiff's work[69]

Similarly, in *Rogers v. Koons*, the court found that although the defendant's sculpture "String of Puppies" — an exact three-dimensional rendering of plaintiff's photograph "Puppies" — could legitimately be viewed as "a satirical critique of our materialistic society, it is difficult to discern [in it] any parody of the [plaintiff's] photograph 'Puppies' itself."[70] The court was willing to accept Koons' characterization of his work as a "satire or parody of society at large,"[71] but it didn't agree that the sculpture was therefore a fair use of Rogers' work. To explain how it could be that Koons' work could be a parody or satire and yet still not be entitled to protection under the doctrine of fair use, the court invoked the rule from *MCA II*:

> It is the rule in this Circuit that though the satire need not be only of the copied work and may, as appellants urge of "String of Puppies," also be a parody of modern society, the copied work must be, at least in part, an object of the parody, otherwise there would be no need to conjure up the original work.[72]

The result in *United Feature Syndicate v. Koons* was substantially the same. The plaintiff in the case was the same sculptor who had been sued in *Rogers*, and the facts in the case were closely analogous to those in the earlier case.[73] Koons had recreated in sculpture form the image of the cartoon dog "Odie" (featured in the *Garfield* comic strip) without the permission of the strip's owner.[74] Although he testified that he was unaware of the identity of the character when he chose to include it in his sculpture, Koons argued that Odie was used in his work "to symbolize the cynical and empty nature of society."[75] Citing *Rogers*, the court quickly dispatched Koons' argument, saying that there could be no finding of fair use given that Odie himself was not an object of the parody but merely "'an

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[69] *Id.* at 730. Note that the court does not distinguish between the terms "satire" and "parody" but rather uses them interchangeably.

[70] *Rogers*, 960 F.2d at 310.

[71] *Id.* at 309.

[72] *Id.* Note, again, that the court freely substitutes "satire" for "parody."

[73] United Feature Syndicate v. Koons, 817 F. Supp. 370, 375 (S.D.N.Y. 1993) (stating that "the *Rogers* decision does provide a helpful framework in which the Court can examine the legal issues presented by the parties in the instant motion").

[74] *Id.* at 372.

[75] *Id.* at 384.

animal figure' that is part of a more general parody on the banality of life or criticism of the mass media culture at large."[76] Had Koons not professed ignorance of Odie's origin and pop-cultural significance, he might have fared better given the requirement that the object of the borrowing must also be, to some extent, a target of the parody. Koons might have prevailed on the merits if he had argued something to the effect that Odie's own banality was symbolic of the banality of the mass-media culture that created and embraced him. In that case, the court, applying *MCA II*'s test, could have viewed Koons' use of Odie as permissible; the figure could have been held to function as both an instrument and an object of the artist's social critique.

II. PARODY AND SATIRE PART WAYS: CAMPBELL'S *DICHOTOMY*

When *Campbell* came before the Supreme Court in 1993, more than three decades after *Benny* had drawn a line in the sand for would-be parodists, the terms "parody" and "satire" were still being used interchangeably (and somewhat confusedly) in both the Second and the Ninth Circuits. In *Rogers*, for example, Judge Cardamone wrote that "parody or satire . . . is when one artist . . . closely imitates the style of another artist."[77] Similarly, in *Air Pirates*, Judge Cummings made reference to "the parodied work and those specific attributes that are to be satirized."[78] No legal distinction between the two terms was recognized in either circuit, and works described under both rubrics were regarded in both circuits as equally deserving of fair use protection.

In the Ninth Circuit, *Benny*'s rule that any substantial parodic borrowing was infringing had been all but neutralized by means of a very narrow construction under which its rule was held to apply only in cases involving near-verbatim copying. In both circuits, the test applied in parody cases for evaluating the amount and substantiality of borrowing was the time-honored "conjure up" test from *Columbia Pictures*. Whether a parodist was actually entitled to borrow more than the minimum amount required to invoke the original work in the minds of the audience was not entirely settled. In *Elsmere*, the Second Circuit suggested in dicta that a parodist could borrow "not only as much, but at least as much as is required to 'conjure up' the original."[79] More extensive borrowing would still constitute fair use "provided the parody builds upon the original, using the original as a known element of modern culture and contributing

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[76] *Id.*

[77] Rogers v. Koons, 960 F.2d 301, 310 (2d Cir. 1992).

[78] Walt Disney Prods. v. Air Pirates, 581 F.2d 751, 758 (9th Cir. 1978).

[79] Elsmere Music, Inc. v. Nat'l Broad. Co., 623 F.2d 252, 253 n.1 (2d Cir. 1980).

something new for humorous effect or commentary."[80] In *United Feature Syndicate*, however, the district court did not follow *Elsmere*'s lead, applying instead the more conservative "only as much" rule: a "parody falls within the scope of fair use only if the unauthorized user takes no more of the copyrighted work than is necessary for purposes of the parody."[81] The Ninth Circuit favored the latter approach, observing that existing constraints did not entitle a parodist to make the "best parody" of the original work.[82] It was settled law in both circuits that a parodist could permissibly borrow from a copyrighted work to target an extramural object, so long as the work being borrowed from was also in some way a target of the borrower's criticism or ridicule.

The Supreme Court in *Campbell* addressed errors below concerning two important elements of the fair use analysis: the weight that should be given to the commercial character of a parody and the extent to which parodic borrowing should be treated as a special case when it comes to assessing the degree and kind of copying that is permissible.[83] The dispute in *Campbell* involved a musical parody by the rap group 2 Live Crew of Roy Orbison's song *Oh, Pretty Woman*.[84] Owners of the copyright to Orbison's song sued for infringement, contending that 2 Live Crew's version of the song does not comment on the copyrighted work because, whereas the original song is "'primarily about loneliness,'"[85] the 2 Live Crew version is "'primarily about the physical attributes of women.'"[86]

The district court entered summary judgment for 2 Live Crew, agreeing with the defendant's argument that the song was a parody entitled to fair use protection. In reaching this conclusion, the court distinguished 2 Live Crew's borrowing from the proscribed near-verbatim copying in *Air Pirates*, likened it to the permissible borrowing in *Fisher* and *Berlin*, and ultimately found that although "[n]otable aspects of the original song are plainly present in 2 Live Crew's version,"[87] it "appropriates no more of the original than is necessary to accomplish reasonably its parodic purpose."[88]

In a divided opinion, the Court of Appeals for the Sixth Circuit reversed, holding that the "blatantly commercial" character of 2 Live Crew's

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80 *Id.*

81 *United Feature Syndicate*, 817 F. Supp. at 384.

82 *Air Pirates*, 581 F.2d at 758.

83 Acuff-Rose Music, Inc. v. Campbell, 510 U.S. 569, 572 (1994).

84 Acuff-Rose Music, Inc. v. Campbell, 754 F. Supp. 1150, 1151 (M.D. Tenn. 1991), *rev'd*, 972 F.2d 1429 (6th Cir. 1992), *rev'd*, 510 U.S. 569 (1994).

85 *Id.* at 1154.

86 Id.

87 *Id.* at 1157.

88 *Id.*

parodic borrowing disqualified the work from fair use protection.[89] Analyzing the purpose of the use, the majority grudgingly accepted the district court's characterization of the 2 Live Crew song as a parody.[90] It concluded, however, that the district court had erred as a matter of law in its assessment of whether the amount the defendants borrowed was impermissibly substantial.[91] Although it conceded that 2 Live Crew's borrowing may, in fact, have been no more than was necessary to conjure up the original, it emphasized the importance, as a matter of law, of the qualitative nature of the borrowing.[92] Incorporating a qualitative test into the substantiality analysis, the majority found it necessary to consider "what degree of the essence of the original is copied in relation to its whole."[93] Considering this, they found that the defendants had crossed the line not because they took too much of Orbison's work, but because they took "the heart of the original."[94]

The Supreme Court reversed, holding that the Court of Appeals had given too much weight to the commercial character of the parody, and that it had failed to fully grasp the nature of parody in assessing the amount and substantiality of 2 Live Crew's copying.[95] Parody, Justice Souter explained, "presents a difficult case,"[96] because it is in the very nature of the genre to go straight to the heart of the parodied original: "it is the heart at which parody takes aim."[97] If a parody did not reproduce "the original's most distinctive or memorable features,"[98] it would fail qua parody; the audience would miss the allusion, and, in doing so, would altogether miss the point. Because parody's "art lies in the tension between a known original and its parodic twin,"[99] any parody that did not do what the Sixth

89 *See* Acuff-Rose Music, Inc. v. Campbell, 972 F.2d 1429, 1439 (6th Cir. 1992), *rev'd*, 510 U.S. 569 (1994).

90 *Id.* at 1435. In a footnote, the majority engages in a lengthy discussion of its reservations concerning the district court's parody analysis. In the view of the majority, 2 Live Crew's song, even if it is acknowledged to be a "comment on the banality of white-centered popular music," does not target the original song in a way that satisfies the requirements of *Rogers* and *MCA II*. In the absence of a comment "expressly and unambiguously directed at the message of the original work," the majority wrote, there can be no parody. *Id.* at 1436.

91 *Id.* at 1438.

92 *Id.*

93 *Id.*

94 *Id.*

95 *Campbell*, 510 U.S. at 572.

96 *Id.* at 588.

97 *Id.*

98 *Id.*

99 *Id.*

Circuit had faulted 2 Live Crew for doing would be artless at best and altogether unrecognizable as a parody at worst.

It was in the context of assessing the special nature of parody and the implications of its exceptional status for the fair use analysis that Justice Souter in *Campbell* drew the distinction between parody and satire to which the opening paragraphs of this article allude. *Campbell* was the first case since *Berlin* to differentiate between the two terms for the purposes of the fair use analysis, and it was, at the time it was decided, the only case to suggest that satire has a lesser entitlement than parody to fair use protection. Under *Campbell*, the burden placed on the satirist is greater than that placed on the parodist to justify a borrowing: The parodist must justify only the amount that he or she has borrowed (because it is assumed that borrowing from another work is a generic requirement of parody), but the satirist must justify "the very act of borrowing" (because it is assumed that satire, in terms of its relation to another work, "can stand on its own two feet.").[100]

The difference between the two genres for the *Campbell* court, as for the *Berlin* court, came down to their respective targets.[101] A parody "takes aim at a particular work . . . [as] the object of its critical wit."[102] This text-to-text (i.e., intertextual) relationship, Justice Souter remarked, inheres in the word *parody*, which comes from the Greek *parodeia*, meaning "a song sung alongside another."[103] A satire, on the other hand, offers "commentary [that] has no critical bearing on the substance or style of the original composition, which the alleged infringer merely uses to get attention or to avoid the drudgery in working up something fresh."[104] Satire, as it is described in *Campbell*, makes use of an original text for no other purpose than to criticize "prevalent follies or vices" that exist in the world and beyond the targeted text.[105] In a satire, Justice Souter went on to explain, "society is lampooned through its creative artifacts."[106] This lampooning is differentiated from that of parody, in which one creative artifact lampoons another.[107]

While *Campbell* assuredly does not stand for the proposition that borrowing for satiric purposes is *per se* or even presumptively unfair, the

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100 *Id.* at 580-81.

101 This point was put succinctly in Justice Kennedy's concurrence: "In determining whether an alleged parody has taken too much, the target of the parody is what gives content to the inquiry." *Id.* at 598 (Kennedy, J., concurring).

102 *Id.* at 588.

103 *Id.* at 580.

104 *Id.*

105 *Id.* n.15.

106 *Id.* at 581.

107 *Id.* at 588 (stating that "[p]arody's humor necessarily springs from recognizable allusion to its object through distorted imitation").

case's parody analysis raises the evidentiary bar for satirists by positing an unprecedented dichotomy between satire and parody — genres that literary theorists have long regarded as often (if not usually) intertwined or overlapping. Take, for example, Linda Hutcheon:

> Yet the obvious reason for the confusion of parody and satire . . . is the fact that the two genres are often used together. Satire frequently uses parodic art forms for either expository or aggressive purposes, when it desires textual differentiation as its vehicle.[108]

Hutcheon's observation that parody and satire are commonly commingled in a single text is echoed by Michael Issacharoff:

> But satire and parody can coexist in a given work, seeing that it is possible simultaneously to lambaste ideas and their manner of expression. It is consequently difficult at times to unravel satire and parody . . . .[109]

How, in light of the existence of a sizeable gray area comprised of individual works that fall legitimately under both rubrics, are courts to make sense of *Campbell*'s injunction to draw the line between satire and parody?

Campbell can be viewed as creating a sort of sliding scale according to which the burden on the defendant to justify his or her borrowing increases (and the amount of borrowing considered permissible decreases) as the element of satire in the accused work increases.[110] But does the artist who parodies an original work in order to satirize the cultural values for which that work stands (i.e., values that exist both in the fictive world of the original work *and* in the real world beyond the work) necessarily need to borrow less than does the artist who creates a parody with no other motive than to lampoon, for example, the overwrought artistic style of the original work? In both cases, the need to "conjure up" the original exists, because both works accomplish their purposes through parody, even though the purpose of the former work is more expansive than that of the latter and is, to at least some degree, extramurally directed.

In terms of the underlying purposes of the fair use doctrine as codified in the Copyright Act of 1976, a work that parodies another work in order to satirize its values or ideology would seem to be no less justifiably classifiable as criticism or comment than a work whose ridicule is directed more narrowly at the stylistic features of the other work.[111] Indeed, Jus-

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108 HUTCHEON, *supra* note 6, at 43.

109 Issacharoff, *supra* note 2, at 214.

110 *See Campbell*, 510 U.S. at 581.

111 The 1976 Copyright Act provides that:

tice Souter recognizes, in a footnote in *Campbell*, that a "parody that more loosely targets an original . . . may still be sufficiently aimed at the original to come within our analysis of parody."[112] This position is entirely consistent with the line of cases from the Second and the Ninth Circuits preceding *Campbell*, which permit extramural targets so long as the original work is itself in some way targeted as an object of the borrower's criticism or ridicule.[113] Notwithstanding Justice Souter's expression of tolerance for "loose" parodies, however, the *Campbell* opinion casts a diffuse (and arguably unjustified) shadow of suspicion on works that contain, in Justice Souter's words, "both parodic and nonparodic [*viz.* satiric] elements."[114] These are the works that straddle the line, the opinion suggests, the ones for which courts must be on their guard lest an infringing goat be allowed to pass for a fair use sheep.

III. SHEEP IN GOATS' CLOTHING: SATIRIC PARODY AS FAIR USE

The contribution that literary theory can make to sorting out the classificatory dilemma presented by works that defy *Campbell*'s parody-satire dichotomy lies in its analysis of the ways in which, and the ends to which, satire and parody often overlap in individual artistic works. There is consensus among theorists of parody that the primary distinction between the two genres lies in what they target.[115] Whereas a parody by definition takes aim at another text, a satire is not by definition dependent on a preexisting text; "its targets are (extratextual) things rather than signs."[116] This distinction is consistent with *Campbell*'s definition of satire as a work "in which prevalent follies or vices [in society] are assailed with ridi-

"the fair use of a copyrighted work . . . for purposes such as criticism, comment, news reporting, teaching (including multiple copies for classroom use), scholarship, or research, is not an infringement of copyright." 17 U.S.C. § 107 (2000).

[112] *Campbell*, 510 U.S. at 581 n.14.

[113] *See, e.g.*, Elsmere Music, Inc. v. Nat'l Broad. Co., 482 F. Supp. 741, 746 (S.D.N.Y.), *aff'd*, 623 F.2d 252 (2d Cir. 1980) (disagreeing with the proposition that there must be a perfect identity between the song copied and the object of the parody); Walt Disney Prods. v. Air Pirates, 581 F.2d 751, 758 n.15 (9th Cir. 1978) (asserting that it is not "fatal" that the defendants were targeting "life and society" in addition to the work being parodied).

[114] *Campbell*, 510 U.S. at 581.

[115] *See, e.g.*, HUTCHEON, *supra* note 6, at 43 ("I would argue that the difference between the two terms . . . lies in what is being made into a target."); Seymour Chatman, *Parody and Style*, 22 POETICS TODAY 25, 30 (2001) ("We must of course remember the clear distinction between parody and satire in general. Nonparodic satire can be directed at anything in the world . . . . But parody only satirizes other texts or genres.").

[116] Issacharoff, *supra* note 2, at 214.

cule,"[117] and it helps to gloss Justice Souter's somewhat cryptic assertion that satire can "stand on its own two feet"[118] vis-a-vis another text. There is also, however, an equally broad consensus that parody has long been used for satiric effect and that, in this respect, parody and satire are difficult to isolate both historically and generically speaking.[119] Michael Issacharoff contends that:

> parody can have satirical intent — so that the deliberate distortion of an intertext may be intended to have a social, political and philosophical impact more profound than the immediate purpose of undermining a specific textual target.[120]

Linda Hutcheon argues for the existence of both "parodic satire" and "satiric parody," though her effort to explain, through examples, how the two hybrid forms actually differ goes a long way to prove the point that when parody and satire coincide, the results resist easy classification.[121] A more useful way of classifying hybrid texts for both literary and legal purposes is offered by Ziva Ben-Porat, who explains the satirical function of parody by differentiating between "indirectly satirical parody" and "directly satirical parody."[122] An indirectly satirical parody "critically exposes not only the formal features of its model and all those elements which comprise its [aesthetic] mechanism for modelling reality, but also the represented 'reality elements.'"[123] Among "reality elements," Ben-Porat counts such things as mores, attitudes, types, social structures, and prejudices.[124] In an indirectly satirical parody, the copied text is not merely exploited as a means

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117 *Campbell*, 510 U.S. at 581 n.15.

118 *Id.* at 581.

119 *See, e.g.*, Chatman, *supra* note 115, at 30 ("I shall use 'parody' to refer primarily to stylistic imitation for satirical effect . . . ."); Issacharoff, *supra* note 2, at 216 ("parody can have a satirical intent . . . ."); GERARD GENETTE, PALIMPSESTS: LITERATURE IN THE SECOND DEGREE 24 (Channa Newman & Claude Dubinski trans., 1997) ("parody inevitably connotes satire and irony . . . ."); HUTCHEON, *supra* note 6, at 43 ("Satire frequently uses parodic art forms . . . ."); SIMON DENTITH, PARODY 9 (2000) ("But many parodies draw on the authority of precursor texts to attack, satirise, or just playfully to refer to elements of the contemporary world.").

120 Issacharoff, *supra* note 2, at 216.

121 *See* HUTCHEON, *supra* note 6, at 64:

> There is, on the one hand a *type* of the *genre* parody (in Genette's terms) which is satiric, and whose target is still another form of coded discourse . . . . On the other hand, besides this satiric parody, there is parodic satire (a *type* of the *genre* satire) which aims at something outside the text, but which employs parody as a vehicle to achieve its satiric or corrective end.

122 Ziva Ben-Porat, *Method in Madness: Notes on the Structure of Parody, Based on Mad TV Satires*, 1 POETICS TODAY 245, 248 (1979).

123 *Id.*

124 *Id.*

to an unrelated satiric end; it is itself quite pointedly implicated in the parodist's satiric purposes. It accomplishes its satire parodically, by means of a mediating text that it takes to be emblematic (or at least partially emblematic) of the reality elements (or at least some of the reality elements) it sets out to critique.[125] By contrast, a directly satirical parody "exposes aspects of 'reality' which are not actually represented in its model (the parodied text)."[126] The directly satirical parody instrumentalizes the parodied text for a satiric purpose that is wholly unrelated to the 'reality' modelled in (and by) that text.[127]

Ben-Porat's model captures quite cogently the important legal distinction the *Campbell* court sought to make between a work that "needs to mimic an original to make its point" and one that can "stand on its own

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[125] An example of an indirectly satirical parody that was found to have warranted fair use protection in the wake of *Campbell* is Alice Randall's parody of Margaret Mitchell's classic *Gone With the Wind*. SunTrust Bank v. Houghton Mifflin Co., 268 F.3d 1257 (11th Cir. 2001), *vacating* 136 F. Supp. 2d 1357 (N.D. Ga. 2001). The district court, which held in favor of the plaintiff (trustees of Mitchell's estate), based its holding in part on the proposition that there must be an exact identity between the work targeted and the parody: "Here the parodical work must parody the work itself and not other general concepts and ideas about the way black Americans have been and are treated in the South." *Id.* at 1379. The Court of Appeals for the Eleventh Circuit vacated the district court's grant of a preliminary injunction against Randall's publisher. Writing for the Eleventh Circuit, Judge Birch focused on the extent to which Randall's parody accomplished its satiric purpose by attacking the "reality elements" — the world modelled — in Mitchell's text:

> TWDG is not a general commentary upon the Civil-War-Era American South, but a specific criticism and rejoinder to the depiction of slavery and the relationships between blacks and whites in GWTW. . . . It is principally and purposefully a critical statement that seeks to rebut and destroy the perspective, judgments, and mythology of GWTW. Randall's literary goal is to explode the romantic, idealized portrait of the antebellum South during and after the Civil War.

Id. at 1269-70.

[126] Ben-Porat, *supra* note 122, at 248.

[127] An example of a directly satirical parody that was found not to have warranted fair use protection in the wake of *Campbell* is the parody of *The Cat in the Hat* that was disputed in *Dr. Seuss Enterprises v. Penguin Books*, 109 F.3d 1394 (9th Cir. 1997). Defendants had parodied distinctive elements of the children's classic *The Cat in the Hat* to create a satire (called *The Cat NOT in the Hat!*) of the O.J. Simpson murder trial. Invoking *Campbell* and the "at least in part" rule articulated earlier in *Rogers* (and reiterated in *Campbell*), the court in *Dr. Seuss* held that the stanzas from the parody had "no critical bearing on the substance or style of *The Cat in the Hat*" and that the copyrighted work had been used impermissibly, as nothing more than "a vehicle to poke fun at another target." *Id.* at 1400-01.

two feet."[128] It does so, however, without resorting, as the court in *Campbell* did, to mutually exclusive (and therefore misleading) definitions of parody and satire. The distinction *Campbell* established between parody and satire is more accurately characterized, employing Ben-Porat's taxonomy, as a distinction between two types of satirical parody. The fact of the matter from the point of view of genre theory isn't so much that parody "shades into satire" — that it is troublingly prone, as Justice Souter suggested, to cross some generic threshold beyond which it becomes not-parody — but that parody is quite frequently (and frequently quite legitimately from a fair use perspective) satirical in purpose. When it is — that is to say, when a parody's intertextuality is extratextually (or, to use Hutcheon's term, extramurally) directed — courts need to examine *how* the parody in question accomplishes its satiric ends in order to evaluate its eligibility for fair use protection.

If the parody is directly satirical, then there is arguably no need for it to conjure up the particular work it instrumentalizes to serve its satiric ends.[129] Some other work, presumably, might have done just as well. To use Justice Souter's terms, a directly satirical parody lacks the necessary "joinder of reference and ridicule"[130] that legitimates parodic borrowing as a protected form of criticism or commentary. If, on the other hand, the parody is indirectly satirical — i.e., if the object of the parody's reference is itself a partial or intermediate object of the parody's extramurally directed ridicule — then the parodist legitimately targets the work from which s/he borrows. Reference and ridicule are joined, even if the scope of the ridicule exceeds (or otherwise imperfectly coincides with) the scope of the reference.[131]

The parody-satire dichotomy invoked by the *Campbell* court makes for an impracticably ill-defined middle ground between parodic works whose ridicule is directed solely at the texts from which they borrow and parodic works whose ridicule is directed wholly elsewhere. Because so many parodies seeking fair use protection are likely to fall somewhere between these two extremes, the fair use analysis needs to incorporate a more nuanced mechanism than *Campbell* provides for separating the fair use sheep from the infringing goats in parody cases. A fair use test that

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[128] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 581 (1994).

[129] *See, e.g.*, Walt Disney Prods. v. Air Pirates, 581 F.2d 751, 758 n.15 (9th Cir. 1978) (asserting that "[t]o the extent that the [plaintiff's] characters are not also an object of the parody [i.e., in addition to life and society in general] . . ., the need to conjure them up would be reduced if not eliminated").

[130] *Campbell*, 510 U.S. at 583.

[131] *See, e.g.*, Elsmere Music, Inc. v. Nat'l Broad. Co., 482 F. Supp. 741, 746 (S.D.N.Y.), *aff'd*, 623 F.2d 252 (2d Cir. 1980) (declining to require that there be an exact identity between the song being copied and the object of the parody).

distinguishes not between parody and satire but between indirectly satirical parody and directly satirical parody would better serve the well-established principle, cited approvingly in *Campbell*, that parodic borrowing should be viewed as permissible so long as the work "conjured up" by the parodist is *an* object (perhaps among other objects) of the parodist's critique.[132] A satirical parody should be eligible for fair use protection so long as the work from which it borrows is included to some degree within the scope of its social, cultural, or political critique. For purposes of the fair use analysis, it is important for courts to recognize that not all types of satiric works function as autonomously as is implied in Justice Souter's assertion that they can "stand on [their] own two feet."[133]

[132] *See Campbell*, 520 U.S. at 580 (citing both *Fisher* and *MCA* as affirming the parodist's right to quote from existing material to create a new work that "at least in part" comments on the original).

[133] *Id.* at 581.

DIGITIZATION AND ITS DISCONTENTS: DIGITAL RIGHTS MANAGEMENT, ACCESS PROTECTION, AND FREE MARKETS

by MICHAEL A. EINHORN*

1. INTRODUCTION

Digital rights management and access protection entails the operation of software or hardware control that can monitor, regulate, and price uses of digital files that contain protected content or software. Electronic monitoring of a protected file is generally administered now through attached rendering software or containment that ensures access only to authorized users. Depending on the price that a user pays, protective owners may also limit use by number of plays, duration of access, temporary or partial uses, lending rights, and the number of devices on which the file may be accessed. Containment can also be complemented with watermarks or flags that signal whether the work is copy-protected. Finally, hardware programming can reduce the risks of tampering with vulnerable software by placing detection capabilities in the chip or processor rather than in the enabling software itself.

Digital rights management and related access control are protections in software or hardware code that are legally different from copyright, which entails the *legal* protection of underlying works from unauthorized reproduction, distribution, derivation, public performance, or display.[1] Copyright protection is principally limited by term duration,[2] fair use,[3] the

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1 17 U.S.C. § 106 (2000).

2 For known works created after January 1, 1978, copyright endures for a term equal to seventy years after the death of the last surviving author. *Id.* § 302(a)–(b). For anonymous works, pseudonymous works, and works made for hire, copyright endures for ninety-five years after first publication, or 120 years after creation, whichever expires first. *Id.* § 302(c).

3 Fair use is a complex subjective matter that requires consideration of four factors: the purpose and character of use, the nature of the copyrighted work, the amount and substantiality of the taking, and the effect of the use upon the potential market for or value of a copyrighted work. *Id.* § 107. The doctrine has been said to be "so flexible as virtually to defy definition." Time, Inc. v. Bernard Geis Assocs., 293 F. Supp. 130, 144 (S.D.N.Y. 1968).

first sale doctrine,[4] the idea-expression dichotomy,[5] and exemptions for libraries,[6] classrooms and distance learning,[7] and the blind and the handicapped.[8] In contrast, access protection entails technological protections that shield a copyrighted work from the attempt to copy, while DRM may limit or permit later use of an accessed work.[9] Both DRM and access protection then are *technology protections* that are akin to measures that disallow "black boxes" to decode scrambled cable signals or devices that circumvent the Serial Copy Management System. As such, access protection might not be subject to the same legal limitations and user rights now established in traditional copyright.

This article examines access protection and digital rights management from an economic perspective oriented around actual experience in free market behavior. In the paradigm of Schumpeterian economics (i.e., technological competition),[10] market processes enable the cadences of "creative destruction" — new ideas, products, processes, and organizational modes. In an environment that is imperfectly understood but learnable, economic efficiency is here gauged more by its capacity to create, order, and resolve, rather than by static welfare measures common elsewhere in the economics profession. In integrating the institutions of law with a

[4] The first sale doctrine extends to a lawful private owner the right to sell or otherwise dispose of a copyrighted work. This does not include the right to make reproductions. 17 U.S.C. § 109(a) (2000).

[5] Per full statutory wording, copyright protection does not extend to any "idea, procedure, process, system, method of operation, concept, principle, or discovery, regardless of the form in which it is described, explained, illustrated, or embodied in such work." *Id.* § 102(b).

[6] Libraries may reproduce or distribute single copies of works to interested readers and libraries, and up to three copies (including digital) for preservation of unpublished works or legitimate replacement or reformatting of published ones (so long as a replacement cannot otherwise be obtained at a fair market price). Digital copies may not be distributed outside the premises of the library, although physical copies derived from them may. A format is considered obsolete if the machine or device needed for rendering is no longer commercially available. *Id.* § 108.

[7] Performances or displays of lawfully made works by instructors or pupils in the course of face-to-face teaching activities are copyright exempt, as are transmissions of non-dramatic literary or musical works. Performances of non-dramatic works are similarly exempt for religious services, non-profit establishments, small eating and drinking establishments, government organizations, record stores, or uses for the blind and handicapped. *Id.* § 110.

[8] *Id.* § 121.

[9] *See* 47 U.S.C. § 553a (2000); 17 U.S.C. § 1002(c) (2000). *See also* M. Jackson, Technology and the Changing Nature of Copyright Enforcement (unpublished paper, Telecommunications Policy Research Conference, Alexandria, Virginia, Sept. 23–25, 2000).

[10] *See generally* JOSEPH A. SCHUMPETER, CAPITALISM, SOCIALISM, AND DEMOCRACY (1947).

foundational base in economics and technology, we are then engaged as participants in a "science of the artificial"[11] — the attentive design of a process to accommodate system complexity when intelligence is widely distributed and information open-ended.

Examined as market facilitators, access protection and DRM may reduce the dangers of unauthorized reproduction and distribution of copyrighted works, and therefore provide greater incentive for digital presentation of new content and software. However, there is a positive side for economic consideration as well. By eliminating arbitration, DRM may also enhance the range of producer offerings, deepen service versions, and enable more market combinations and organizational modes. In particular, with academic and library uses, agents can then be expected to come to accommodative licensing arrangements and institutions that enhance transaction efficiency yet further. The upshot is that a free market may drive digital techniques toward beneficial ends in a manner that the harshest critics might have not appreciated.

The general economic case for DRM should not be confounded with other matters related to copyright protection, such as duration and scope. With regard to term duration, the Berkman Center at Harvard challenged the Copyright Term Extension Act of 1998, which extended the duration of copyright an additional twenty years in a manner that had a contested economic justification.[12] Moreover, three Brace Lecturers (David Lange, Alex Kozinski and Pierre Leval) suggest that the scope of copyright be limited; i.e., Lange would extend fair use to a greater number of derivative works, while Kozinski and Leval would implement liability rules to accommodate easier access for secondary users.[13] As evidenced in the positions

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[11] *See generally* HERBERT SIMON, THE SCIENCES OF THE ARTIFICIAL (1996).

[12] Related opinions and pleadings can be viewed at the OPENLAW: *Eldred v. Ashcroft* Web site, *at* http://cyber.law.harvard.edu/openlaw/eldredvashcroft (last visited Feb. 24, 2004). For an amicus brief from a group of distinguished economists (including five Nobel Laureates) in support of the Berkman Center, see Brief for George A. Akerlof et al. as Amici Curaie, Eldred v. Ashcroft, 537 U.S. 186 (2003) (No. 01-618).

[13] Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1132 (1990) ("there may be a strong public interest in the publication of the secondary work [and] the copyright owner's interest may be adequately protected by an award of damages for whatever infringement is found."); Alex Kozinski & Christopher Newman, *What's So Fair about Fair Use?*, J. COPYR. SOC'Y 513, 525 (2000) ("The best way to promote production of valuable intellectual works is to give authors and inventors the ability to demand and receive compensation for the values they create. . . . The best way to do this is to grant property rights that give their products exchange value.").

of self-described "copyright enthusiast" Jane Ginsburg,[14] these reservations regarding the extent of copyright are not inherently antithetical to support for DRM, which implicates only usage rights regarding digital media that are controlled during the proper range of protection.

II. CONSUMER CHOICE AND VERSIONING

A strong case for access protection and DRM was set forth initially by the Clinton Administration's White Paper, *Intellectual Property and the National Information Infrastructure*, which argued for laws that would outlaw technologies that might circumvent it.[15] The White Paper was a key influence behind the subsequent Digital Millenium Copyright Act of 1998 (DMCA),[16] which Congress enacted to "facilitate the robust development and worldwide expansion of electronic commerce, communication, research, development and education" by "making digital networks safe places to disseminate and exploit copyrighted materials."[17] In passing the DMCA, the U.S. more than met its treaty commitments that had been established under Article 11 of the WIPO Copyright Treaty, and Article 18 of the WIPO Performances and Phonograms Treaty, which specified that parties must provide "adequate legal protection and effective legal remedies against the circumvention of effective technological measures" used by authors, performers, or producers of phonograms "in connection with the exercise of their rights."[18]

The nation's four national academies (National Academy of Sciences, National Academy of Engineering, Institute of Medicine, National Research Council) sounded a more cautionary note with their joint publication of *The Digital Dilemma: Intellectual Property in the Information Age*.[19] The report expressed concerns that access protection and DRM would create a "pay-per-use" society, eliminate fair use of copyrighted works, and put into place a regime of superdistribution where copyright owners would attach fees to each subsequent copy of any original

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[14] *See* Jane C. Ginsburg, *How Copyright Got a Bad Name for Itself*, 26 COLUM.-VLA J.L. & ARTS 61 (2002).

[15] INFORMATION INFRASTRUCTURE TASK FORCE, INTELLECTUAL PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE: THE REPORT OF THE WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS 177 (1995).

[16] Pub. L. No. 105-304, 112 Stat. 2860 (1998).

[17] S. REP. NO. 105-190, at 2 (1998).

[18] WIPO Copyright Treaty art. 11, adopted Dec. 20, 1996, WIPO Doc. CRNR/DC/94 (Dec. 23, 1996); WIPO Performances and Phonograms Treaty art. 18, adopted Dec. 20, 1996, WIPO Doc. CRNR/DC/95 (Dec. 23, 1996).

[19] COMMITTEE ON INTELLECTUAL PROPERTY RIGHTS AND THE EMERGING INFORMATION INFRASTRUCTURE, NATIONAL RESEARCH COUNCIL, THE DIGITAL DILEMMA: INTELLECTUAL PROPERTY IN THE INFORMATION AGE (2000).

download.[20] Digital protection could also lead to loss of historic records, the deliberate non-sharing of content, constraints on audience activities and access times, and general difficulties that may result as digital presentation of information came to replace offline production.[21] Pamela Samuelson likened the outcome to fascism,[22] and Lawrence Lessig compared content owners to dinosaurs.[23]

Moving from polemics to economics, the technical ability to protect access and monitor use of software and content files may actually benefit consumers. While suppliers of content conceivably may attempt to use DRM to encumber desirable uses otherwise protected by "fair use" or "first sale,"[24] content providers who hinder user control necessarily reduce the value of their own product. Consequently, producers who institute restrictive rules or technologies, or otherwise fail to appreciate the importance of customer ease, actually reduce market demand and prices.

Moreover, DRM provides to content suppliers the ability to market different versions of digital product. For example, the right to download, copy, and lend a legally accessed movie or sound recording may be priced differently than the right simply to download content without making further transmissions or reproductions. Accordingly, a digital rights system presents different versions and optional rights[25] and allows the rights owners to price individual components and extract varying payments from different kinds of users.[26] Overall, DRM then enables *versioning* — the offering of granular or more personalized options to individual users.[27]

The concept of versioning is not new in market economies. Magazine publishers make content available for both subscription and single copy, and studios make film available in first-run theaters, video stores, and television and cable channel specials.[28] With merchandise versioning, occa-

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20 H.R. REP. NO. 105-551, pt. 2, at 26 (1998).

21 *See supra* note 19, at 202-03.

22 "The entertainment industry, [Samuelson] says, thinks it 'should control every single copy, wherever and whenever it's played, and have a pay-for-use system so that no one can ever share anything again. . . . I think that's a fascist world. I wouldn't want to live in it," *quoted in* E. Weise, USA Today: Tech Report (Dec. 8, 2000).

23 Lawrence Lessig, *The "Dinosaurs" Are Taking Over*, Business Week Online (May 13, 2002), *at* http://www.businessweek.com/magazine/content/02_19/b3782610.htm.

24 Miriam M. Nisbet, Comments of the Library Associations, #162, at 6, 13 (Feb. 17, 2000) (Triennial Review) [hereinafter Nisbet Comments], *available at* http://www.loc.gov/copyright/1201/comments/162.pdf.

25 17 U.S.C. § 106(1)–(6) (2000).

26 *See* Wendy Gordon, *Intellectual Property as Price Discrimination: Implications for Contract*, 73 CHI-KENT L. REV. 1367 (1998).

27 CARL SHAPIRO & HAL R. VARIAN, INFORMATION RULES 53-82 (1999).

28 *See* BRUCE M. OWEN & STEVEN S. WILDMAN, VIDEO ECONOMICS (1992).

sional readers can enjoy a magazine on a "pay per use" basis, while devoted buyers may become subscribers; intense movie fans run to first release theaters, while couch potatoes rent videos. Versioning then allows consumers the choice of a number of service options rather than the confinement of any one. This is scarcely fascism.

However, resale or arbitrage between low- and high-end markets cannot be permitted if versioning is to operate effectively. By stopping resale or redistribution of content from one market segment to another, access protection and DRM then enable producers to develop more versions. Besides stopping viral reproduction, access protection and DRM then may widen product diversity and consumer choice. Presenting the economic concept, William Fisher of Harvard University would write in 1988, "judges should watch for situations in which unauthorized use of copyrighted material undermines price discrimination schemes [i.e., versioning] and should be chary of holding such uses fair."[29]

Versioning is profitable because producers can monitor varying customer demands differently. In so doing, discriminating producers who can extract greater revenue from across the user spectrum will have more incentive to produce and release more content and present more features. The prospective use of differing versions and prices is particularly defensible in content industries, where vast production costs are sunk upfront, but incremental production and distribution costs are modest.

The effect of versioning upon individual users is bifurcated. Economists would tend to agree that smaller users will assuredly gain. This is because producers may actually lower prices for "no frills" services to basic customers without worrying about losing revenues from high-end users, who can be expected to choose a different version. Content owners may also use personalization techniques to identify prospective first customers and extend to them free previews, time-limited rentals, and low-price introductory offers.

At the other end of the consumer spectrum, the most intense users of any product can be expected actually to pay more under versioning than otherwise.[30] This is because discriminating producers may extract incremental consumer value by charging higher prices for deluxe services, without worrying about attrition among less intense users. Despite the higher prices, the large customers may yet be better off, as suppliers also have

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[29] William W. Fisher, *Reconstructing the Fair Use Doctrine*, 101 HARV. L. REV 1661, 1742 (1988).

[30] *See* A. Michael Spence, *Optimal Nonuniform Price Schedules*, J. PUB. ECON. (1977). The resulting price schedule can usually be expected to be volume discounting. That is, producers will generally charge less money for each succeeding unit of production or day of storage.

greater incentives to innovate and present more deluxe features if they can be additionally compensated for their effort.

With the capabilities of digital technology, "an information goods producer can almost costlessly package these goods in a wide variety of configurations, opening the possibility for more complex product and pricing configurations."[31] Moreover, version experiments provide new loads of undiscovered user information and technical process that can be refined in the market crucible.

III. THE MUSIC SERVICES

Nowhere are the potentialities of DRM made more evident than in the evolving market for music services. In the past year, a number of events have reordered the constellation of suppliers and services considerably, as new entrants pushed early leaders for customers and long-term market position. While buildout may be disappointing and some may wish to view the market as a failure, it is essential rather to introduce more nuances to the view.

A. Market for Services

In April, 2003, Apple Computer launched an innovative Internet music store, iTunes, that was to become the market leader in legitimate downloads by the end of the year.[32] Encoded with Advanced Audio Coding, individual songs at iTunes cost ninety-nine cents apiece.[33] The key innovation of Apple was its light-handed but elegant rights management system, called Fairplay, that allowed buyers to transfer tunes to Apple iPod players, burn unlimited numbers of CDs, and transfer downloaded songs to up to three other hard drives[34] The new service differed at its inception in April from earlier subscription services, such as label-owned

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[31] Christopher H. Brooks et al., *Information Bundling in a Dynamic Environment, in* COMPUTING IN ECONOMICS AND FINANCE (2001).

[32] John Borland, *Apple Unveils Music Store*, CNET News.com (Apr. 28, 2003), *at* http://news.com.com/2100-1027-998590.html; *iTunes Sells 1.5 Million Songs During Past Week: Five Times Napster's First Week Downloads*, Yahoo!Finance (Nov. 6, 2003). As of January 2004, the MusicStore had a catalog of over 400,000 songs; the service sold more than 30 million songs in 1993 and obtained a 70% market share in legitimate downloads.

[33] With one-click purchase and no subscription fee, the iTunes Music Store includes no general streaming service, but thirty-second samples are available for free. With Apple's networking technology, Rendezvous, several Mac users on a wireless network can share collections through streaming. *Id.*

[34] John Borland, *Apple's Music: Evolution, Not Revolution*, CNET News.com (Apr. 29, 2003), *at* http://news.com.com/2100-1027-998675.html.

MusicNet, which had stopped transfer to MP3 players, clocked out access after subscription ended, and disallowed downloading altogether.[35]

A competitive *a la carte* download service with some additional attractive features is Musicmatch, which provides downloads in order to complement its popular music management jukebox, which is now installed on 37 million PCs.[36] With free jukebox software, basic users of Musicmatch may buy a ninety-nine cent download; deluxe users can choose an upgraded service at $19.99 per month that has faster burn speeds and avoids upgrade ads. With considerable jukebox functionalities, Musicmatch also offers a personalization service (which Apple lacks) that tracks an individual's downloads to make personalized recommendations, and two radio services that track user preferences to compose interactive "radio stations" with personal content.

In legitimate relaunch since October 2003, Napster offers a different combination of downloading and streaming services.[37] For ninety-nine cents a track, Napster users may choose individual songs for download (and burn). Users may also purchase (for $9.95/month) an optional service that enables streaming and tethered downloading of tunes supplied by forty interactive radio stations.[38] Free services for all Napster users include music videos, thirty-second samples, online articles, Billboard charts, inter-user email, and browsing of playlists and recommendations; there is no digital personalization.

At the moment, Real Networks' Rhapsody offers the leading alternative model to downloads *a la carte*.[39] The key competitive feature of Rhapsody is "all you can eat" interactive streaming, which is made available for $9.95 per month; individual burns at Rhapsody are available at seventy-nine cents apiece. The Rhapsody service also offers access to fifty commercial-free stations. As another primary attractive feature, the software

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[35] Evan Hansen & Jim Hu, *RealNetworks Plugs in MusicNET*, CNET News.com (Dec. 4, 2001), *at* http://news.com.com/2100-1023-276549.html; Lisa M. Bowman, *MusicNet, Pressplay Closing in on Labels*, CNET News.com (Oct. 15, 2002), *at* http://news.com.com/2100-1023-962179.html.

[36] Josh Bernoff, *Commentary: Facing the Music*, CNET News.com (Oct. 20, 2003), *at* http://news.com.com/2030-1027-5093879.html; *Musicmatch 8.1*, Tech News, CNET Reviews.

[37] John Borland, *Napster Launches: Minus the Revolution*, CNET News.com (Oct. 9, 2003), *at* http://news.com.com/2100-1027-5088838.html.

[38] *Id.*

[39] Real Networks purchased Rhapsody in 1993 from Listen.com, which originally conceived the service as an all-streaming subscription service (i.e., a "celestial jukebox") with unlimited monthly use. Rhapsody eventually came to enter into licensing agreements to permit downloading and burning as well. With 350,000 paying subscribers, Rhapsody now offers a catalog with over 400,000 songs with licensing contracts with all five major record companies and 200 independents. *See infra* note 40.

(Real Audio 10) now accommodates music purchased from all formats, including iTunes.[40]

Reflecting the Schumpeterian importance of new technology and organizational mode, the market has moved some distance from the original business models of the two music services — MusicNet and Pressplay — controlled by the major labels. Jointly owned by a number of labels, MusicNet (Warner, EMI, BMG) and Pressplay (Universal, Sony) largely rented music; i.e., they allowed full sampling through streams and downloads, but ended access to all previously downloaded music at termination of service. The label services attempted to version the market by price discrimination based on intensity of use (i.e., purchase volume), although Pressplay permitted a limited number of burns for an additional fee.[41] Roxio integrated Pressplay into Napster after buying it from Universal and Sony, while MusicNet has become increasingly marginalized as America Online engaged with iTunes and Real Networks bought up Rhapsody.

B. The Economics of the Market

There are seven general points to be made regarding competition in the market for music services. First, the spectrum of services is now quite wide; focused shoppers locate favored songs through a la carte downloads, listeners-at-large are attracted to non-interactive streaming, and the most dedicated browsers can insist upon the full browsing capabilities of interactive streaming. Differentiated versions may combine services and features regarding ownership rights, service length, pricing, personalization, and complementary components. With no abiding market certainty of where buyer tastes reside, rival providers will come to "learn by doing"

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[40] John Borland, *Real Offers New Tech, Song Store*, CNET News.com (Jan. 7, 2004), *at* http://news.com.com/2100-1027-5136275.html.

[41] For example, Pressplay users chose among Basic ($9.95 for 300 streams and thirty downloads), Silver ($14.95 for 500 streams, fifty downloads, and ten burns), Gold ($19.95 for 750 streams, seventy-five downloads, and fifteen burns), and Platinum services ($24.95 for 1000 streams, 100 downloads, and twenty burns). John Borland, *Pressplay to Offer Unlimited Downloads*, CNET News.com (July 31, 2002), *at* http://news.com.com/2100-1023-947507.html. At MusicNet, service prices differed by provider. Basic listeners of MusicNet services purchased through RealNetworks paid a monthly fee of $4.95 to stream 100 songs and download 100 more, $9.95 for a combined package with additional Net radio services, and $19.95 for a Gold Pass subscription with sports, entertainment, and news programming. By contrast, AOL offered basic MusicNet service (twenty streams, twenty downloads) for $3.95 per month, unlimited streams and downloads for $8.95, and ten additional burns for $17.95. John Borland, *Net Music Gets AOL Audition*, CNET News.com (Feb. 26, 2003), *at* http://news.com.com/2100-1023-986039.html.

the particular services and features that consumers want most. Under such conditions, new ideas can come to market and continue to challenge and possibly displace existing business models.

Second, actual market experience proves that the use of digital rights management is indeed responsive to consumer tastes. At their outset, MusicNet, Pressplay, and Rhapsody were all-streaming services that did not permit downloading and burning. As subscriptions trailed and illegal file trading continued, the importance of music ownership and related portability became evident to all, particularly Steve Jobs (i.e., Apple). In the same respect, CD tracks, once battened down with strict anti-copying protections, now accommodate (through Microsoft's Windows Media Audio Format) limited burning, temporary sharing, and additional "second session" content that provides a pleasant listener experience on the PC.[42] Under the influence of ongoing feedback from the market, DRM is improperly conceived as an operation that locks up content in a manner unfriendly to consumers.

Third, both sampling and personalization are essential if a digital market is to be the truly empowering "celestial jukebox" that Paul Goldstein conceptualized.[43] While a number of download services (including iTunes) now enable thirty-second clips, only interactive streaming at Rhapsody enables full track sampling. For $10 per month, an iTunes user can own ten songs; for the same monthly amount, a Rhapsody user can listen to thousands. The potential for streaming is illustrated further by recent research at Listen.com, where the average user listens to about 200 different songs per month, but only 13% opted for even one burn.[44] As 2% of industry releases now account for 80% of industry sales and broadcast radio holds a marketing bottleneck, interactive streaming with playlist sharing and recommendation may support the development of new acts heretofore deterred by the bottleneck of promotional radio.[45] The market for streaming will expand greatly with the availability of home entertainment and wireless telephone equipment that will enable remote access inside the home and portability beyond it.

Fourth, neither downloading nor streaming by themselves will prove particularly profitable. Download services now pay an estimated seventy-nine cents per song for publisher and label royalties, and an additional five

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[42] John Borland, *Copy-Protected CDs Take Step Forward*, CNET News.com (Sept. 12, 2003), *at* http://news.com.com/2100-1027-5075656.html.

[43] *See* PAUL GOLDSTEIN, COPYRIGHT'S HIGHWAY: FROM GUTENBERG TO THE CELESTIAL JUKEBOX (2003).

[44] John Borland, *Apple Unveils Music Store*, CNET News.com (Apr. 28, 2003), *at* http://news.com.com/2100-1027-998590.html.

[45] Evan Hansen, *Steve Jobs' Half Note*, CNET News.com (May 21, 2003), *at* http://news.com.com/2010-1071-1008063.html.

cents for credit card processing.[46] Once operating costs are added, it is not clear what their profit margin will be; competition from Listen.com (seventy-nine cents) and Walmart (eighty-eight cents) does not bode well. With per song royalties of about one cent, streaming services enabled through upfront subscription fees of $10 per month may now have wider profit margins. Nonetheless, price competition should winnow down profit margins to competitive levels.

Accordingly, in order to profit, each online provider will need to distinguish its particular services, attract a base market segment, and successfully innovate further to widen its appeal. Joint ventures are of crucial importance in enabling market explorations in each of these respects.[47] To discourage competitive switching, service providers may attempt to lock in customers by providing loyalty programs, proprietary technology, or volume discounts.

With the potential for more innovative business models, some players may transform the market yet again in 2004. Sony will market a competitive download service, called Connect, along with its leading entertain-

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[46] Knowledge@Wharton, *Online Music's Winners and Losers*, CNET News.com (Dec. 27, 2003), *at* http://news.com.com/2030-1027-5133561.html.

[47] Apple now has an attractive joint market venture with America Online, which features iTunes buttons prominently on its display area, and Pepsi, which will provide to buyers one free download per purchased bottle. Josh Bernoff, *Commentary: Facing the Music*, CNET News.com (Oct. 20, 2003), *at* http://news.com.com/2030-1027-5093879.html. MusicNow has distribution arrangements with Best Buy, Clear Channel Radio, and Microsoft's WindowsMedia.com. *MusicNow Works With Top Digital Device Manufacturers and Best Buy for Launch of New Digital Music Store*, Yahoo!Finance (Nov. 10, 2003). Rhapsody now teams with Comcast, Intel, IBM, and Gateway in intriguing combinations to facilitate buildout of cable delivery, local area networks, online storefronts and electronic payments, and PC sales. *Comcast to Deliver RealNetworks' Rhapsody Digital Music Service to its Nearly Five Million Broadband Internet Customers*, Yahoo!Finance (Nov. 10, 2003); *RealNetworks Teams with Intel to Bring Rhapsody Music Service to Consumers' Home Stereos*, Yahoo!Finance (Nov. 10, 2003); Stefanie Olsen, *IBM, Real Forge Digital Media Deal*, CNET News.com (Jan. 9, 2004), *at* http://news.com.com/2100-1025-5138040.html. Napster has joint ventures with Samsung (music player), Gateway (personal computer), and Target Stores, which markets in its stores a one-stop shopping Napster Burnpak that includes pre-paid cards (from InComm), CD cases (from Case Logic), blank CDs and DVDs (from Imation), and burning software from Roxio). Matt Hines, *Napster Fills in the Blanks with CD Deals*, CNET News.com (Jan. 7, 2004), *at* http://news.com.com/2100-1027-5136592.html; *Napster Teams with Imation and Case Logic to Provide New Digital Music Experience for Consumers at Target Stores Nationwide and at Target.com*, Yahoo!Finance (Jan. 7, 2004).

ment products.[48] Walmart, a competitive nemesis in the 1990s that used music as a loss leader to attract people into retail stores, now offers downloads at eighty-eight cents apiece at its online site.[49] A third major entrant, Microsoft, aims to provide a music service to win customers back from iTunes.[50] Finally, Amazon and Yahoo are purportedly working up music services to accommodate their respective platform users.[51]

Fifth, a market lock may indeed evolve if producers do not work out standards to enable "mix and match" compatibility between different service providers and player devices. Leonardo Chiariglione, who recently created a new international group to establish standards, came to the point: "Unless users can access content without all the hassle of dealing with different digital rights management systems, DRM is a nonstarter. The alternative is a digital media stalemate, where nothing moves."[52] Chiariglione's failed effort with the Secure Digital Music Initiative proves that standardization may yet be quite difficult to achieve; however, de facto standards may yet evolve through Microsoft and efforts in trusted computing.[53]

Sixth, unauthorized downloading can continue to harm the market and reduce the chances of success of interesting service applications. While iTunes sold 30 million tracks in eight months of operation in 2003, estimated pirate takings exceed 5 billion tracks per day.[54] A point recognized in the Napster case, music piracy harms business models and market evolution in a more profound manner than the simple displacement of le-

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[48] Richard Shim, *Sony Unveils Music Store: Gadgets at CES*, CNET News.com (Jan. 7, 2004), *at* http://news.com.com/2100-7353-5137127.html.

[49] *See* [Walmart] Music Downloads, *at* http://musicdownloads.walmart.com (last visited Feb. 23, 2004).

[50] John Borland, *Microsoft Music Store to Open Next Year*, CNET News.com (Nov. 17, 2003), *at* http://news.com.com/2100-1027-5108173.html. Antitrust becomes a key consideration, as the company bundled its way to dominance in the MediaPlayer market by wresting control from the once-dominant RealNetworks, for which RealNetworks recently initiated a U.S. antitrust action on the matter. Evan Hansen & David Becker, *Real Hits Microsoft with $1 Billion Antitrust Suit*, CNET News.com (Dec. 18, 2003), *at* http://news.com.com/2100-1025-5129316.html. Any advantage for a music service will widen with the adoption of Microsoft's Windows Media Center, which would allow a PC interface with home TVs and stereos. Steven Musil, *Week in Review: Eye on iPod*, CNET News.com (Jan. 9, 2004), *at* http://news.com.com/2100-1083-5138072.html.

[51] Knowledge@Wharton, *What's Holding Back Online Music?*, CNET News.com (July 12, 2003), *at* http://news.com.com/2030-1069-1025006.html.

[52] John Borland, *Stalemate on Digital Content?*, CNET News.com (Nov. 6, 2003), *at* http://news.com.com/2030-1069-1025006.html.

[53] *See* Section 5 *infra*.

[54] Knowledge@Wharton, *Online Music's Winners and Losers*, CNET News.com (Dec. 27, 2003), *at* http://news.com.com/2030-1027-5133561.html.

gitimate purchases and immediate licensing opportunities.[55] A number of recent legal developments do not indicate an easy end to the problem.[56]

C. *Levies and Downloads*

Finally, a number of governments have implemented levies on equipment ranging from MP3 players and blank disks to personal computers and peripheral equipment as a means of enabling free downloading and compensating artists. For its part, the Copyright Board of Canada in 2003 found downloads (but not uploads) to be legal, but also imposed a levy on the sale of digital audio recorders with non-removable memory, such as the Apple iPod.[57] Fearing harm to general consumers, the Copyright Board declined requests to impose levies on blank CDs and DVDs, removable memory cards, blank audiotapes, and MiniDiscs. More impressed with the wisdom of government, Germany appears to be ready to impose a compensatory levy of a 16% value-added tax per new computer sold; it is not clear whether unauthorized downloads would even be legal here.[58] Similar outcomes are possible in Austria, Switzerland, Belgium, Finland, Norway, Sweden, Luxembourg and France.[59] Some academics in the U.S. (such as Stanford's Lawrence Lessig) have advocated a copyright levy placed on Internet service providers in order to permit file trading[60]

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[55] The potentially harmful effects upon future licensing appears to have been the focus of proprietary expert testimony submitted on behalf of the plaintiffs by Prof. David Teece, who confirmed the label plans to move in the digital market had been displaced by illegal file-sharing made possible through Napster.

[56] In April, a California District Court distinguished peer-to-peer networks Grokster and Morpheus from the previous generation's Napster; where Napster actually stored on its servers submitted information about site locations of infringing files, Grokster and Morpheus simply distributed software that was capable of both infringing and noninfringing uses. In December, the D.C. Circuit Court reversed an earlier District Court ruling that compelled Internet service providers to provide names of infringing users in response to RIAA subpoenas. To bring illegal file-traders to justice in the future, the labels will now have to institute "John Doe" lawsuits, foregoing easier settlements and raising the costs of prosecution considerably. John Borland, *Court: RIAA Lawsuit Strategy Illegal*, CNET News.com (Dec. 19, 2003), *at* http://news.com.com/2100-1027-5129687.html.

[57] Fees are as follows: up to one gigabyte of memory: $2; between one and ten gigabytes: $15; more than ten gigabytes: $25. MP3 Players hit with Copyright Levy, CBC News, *at* http://www.cbc.ca/stories/2003/12/12/musiclevy_031212 (last visited Jan. 18, 2004) [hereinafter MP3 Players].

[58] Sam Vaknin, Germany's Copyright Levy, *at* http://samvak.tripod.com/busiweb37.html/levy (last visited Jan. 20, 2004).

[59] In an industry with thin operating margins, computer manufacturers claim that the levy will cost buyers some $80 million in Germany.

[60] *See supra* note 23.

While focused levies on dedicated playback equipment (e.g., MP3 players) may provide some supplemental royalty income, general levying on computer equipment and broadband connection to support downloads presents a cheap variation of industrial policy by subsidizing the download and suspending its economic relation to market forces. By eliminating the need for litigation that is now in place, levies then present appealing gains in the short run. However, if a levy action were to permit free downloading (as is commonly envisioned), it would simultaneously preempt space from other business models — involving, inter alia, streaming, personalization, joint venture, and organizational restructure — that may otherwise be imaginatively conceived, combined, and readopted. A levy system would then deeply weaken the opportunities and incentives for innovators to produce new technologies and adapt to developing tastes; it may preserve the very same "dinosaur" technologies that a market should otherwise supersede.[61]

In a rapidly changing market environment, the levy system would rather place government in top command with authority to set royalty fees, adjust them in response to changing use patterns, and allocate the collection pot to contending rights owners. If levy amounts were not adjusted to keep up with growth in usage (for any number of political reasons related broadly to consumer protection), the resulting administrative "lock in" would necessarily compensate musical works at decreasing unit rates.[62] Moreover, such levies would present the additional inequity of burdening that part of the population that has no interest in downloading music, and thereby delaying the buildout of infrastructure.[63] Indeed, the Germany recording industry acknowledged that nearly half of the blank CDs sold in the country were used for entirely licit purposes.[64]

While wide-ranging levies seem problematic, there is no reason to oppose individual contracts that could be negotiated between trade associations (such as the RIAA) and universities, where download activity

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[61] Robert P. Merges, *Compulsory Licensing vs. the "Three Golden Oldies": Property Rights, Contracts, and Markets*, POLICY ANALYSIS, Jan. 15, 2004, at 10, *available at* http://www.cato.org/pubs/pass.pa508.pdf. Merges here conjures up "dinosaurs" from Lessig's pejorative reference to the media companies who invest money in content and fail to agree with his vision of an open Internet. *See supra* note 23.

[62] Merges, *supra* note 61, at 9.

[63] In this respect, the Copyright Board of Canada turned down requests to impose levies on blank DVDs, removable memory cards, blank audiotapes and CDs, and MiniDiscs. "The evidence available at this time does not clearly demonstrate that these recording media are ordinarily used by individuals for the purpose of copying music." MP3 Players, *supra* note 57.

[64] Vaknin, *supra* note 58.

evidently is more pronounced.[65] Moreover, if piracy indeed cannot be stopped, a market-based recourse would entail the label buyout of KaZaa, the peer-to-peer software leader that has enabled over 300 million downloads, for use as cheap promotional freeware to attract users to music services.[66] Such a combinatorial venture requires a substantial bit of entrepreneurial activity and organization, and is not a concern for the government.

IV. ACADEMICS AND LICENSING

We now consider how access protection and DRM may affect demand for and usage of copyrighted materials by libraries, schools, and research institutions, which are "knowledge factories" with secondary creators who work up and produce more intellectual property. Generally speaking, strong protection of intellectual property could be counterproductive, if burdensome, licensing requirements reduce the ability of other second-generation operators to innovate. In this respect, a general maxim applies: "property rights that are too narrow will not provide enough incentive to develop the asset, while overly broad rights will preempt too many competitive developments."[67]

A. Library Licensing

At the first triennial review of the DMCA,[68] researchers and educators were concerned that access protection could actually threaten their ability to adapt content through partial copying,[69] excision for criticism and parody,[70] searching,[71] dissemination, and transformation. Five commenting library associations made the point:

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65 Universities, Legal Music Services, and Apple, MacRumors.com, *at* http://www.macrumors.com/pages/2003/08/20030803022032.shtml (last visited Jan. 20, 2004).

66 Sean Byrne, KaZaa CEO uses an Ad Campaign in an Aim to Get Users to Fight Back, *at* http://www.cdfreaks.com/news2.php?ID=8472 (Nov. 18, 2003).

67 Richard R. Nelson & Robert P. Merges, *On Complex Economics of Patent Scope*, 90 COLUM. L REV. 839, 975 (1990).

68 *See* Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies, Docket No. RM 99-7, 64 Fed. Reg. 66,139 (Nov. 24, 1999) (announcing the first Triennial Review). Comments and hearing transcripts related to the review are *available at* http://www.loc.gov/copyright/1201.

69 17 U.S.C. 107(3) (2000).

70 Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569 (1994).

71 Andrew W. Appel & Edward W. Felten, Initial Comments (Feb. 17, 2000) (Triennial Review), *available at* http://www.loc.gov/copyright/1201/comments/235.pdf.

> Technological measures define a user's "accessing a work" as not only initial access, but accessing for purposes of printing, copying, extracting or even viewing or reading. Thus, the library patron who is using a lawfully acquired work and who circumvents a technological measure for certain types of lawful, copyright uses, could be exposed to prosecution under Section 1201(a) [of the Digital Millenium Copyright Act] because each "use" requires an additional "access" under the control of the technological measure.[72]

The librarians' points are considerable, as a discouraging effect from complex product could indeed dissuade libraries from investing in the startup costs of new technology, network distribution, customer support personnel, and file storage systems.[73] In this respect, Prof. Jeffrey Mackie-Mason of the University of Michigan found that higher user inconvenience reduced significantly the number of digital articles that university researchers accessed in a market experiment.[74] It would then be a generally bad market decision for a digital publisher of academic materials to attempt to affix excessive library lending fees, deny permission to archive, refuse rights to reserve use, implement cumbersome passwords, restrict browsing, disallow academic criticism, and fail to make promotional material available for preliminary review. It is then no surprise that publishers frequently accommodate librarian requests that ask "that the publisher reinstate the 'public good' clauses of the Copyright Act into the electronic content license, allowing fair use copying or downloading, interlibrary loan, and archiving for the institutional license and its customers."[75]

In the same context, a reputation for price gouging will reduce demand for any service as a whole and lower the market price that a provider may charge. Finally, the editors of a scholarly journal, who find it incumbent to maximize readership to attract contributions of material, may actually choose to switch publishers if readers become dissatisfied. Accordingly, though some unfortunate examples can be expected to con-

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[72] Nisbet Comments *supra* note 24, at 12.

[73] Upfront costs for a digital library host service have been estimated at $100,000 for a base of 200 digital journals. *Id.* at 45.

[74] Jeffrey K. Mackie-Mason et al., *A Report on the Peak Experiment: Usage and Economic Behavior*, 5 D-Lib Mag. (July/Aug. 1999), *at* http://www.dlib.org/dlib/july99/mackie-mason/07mackie-mason.html.

[75] Ann S. Okerson, *Buy or Lease? Two Models for Scholarly Information at the End (or the Beginning) of an Era*, 125 Daedalus 55, 73 (1996), *available at* http://www.library.yale.edu/~okerson/daedalus.html.

tinue,[76] content suppliers would be better advised to attempt to devise licensing strategies that maximize ease of use.

With versioning, publishers have incentives to introduce deluxe features that provide gain to the institutions that can afford them. Moreover, institutions of more modest means may actually benefit as well from more basic versions priced at lower levels. A provider of online databases explains the connection to DRM:

> If we cannot enforce [variable] access pricing . . . we would not be able to charge varying amounts for different levels of access. Accordingly, we would be required to charge a single price to all institutions. This might be beneficial to the large institutions, but could make it difficult for the smallest and poorest universities, medical schools, public libraries, and smaller institutions, and the communities they serve, to be able to afford a subscription. *It is precisely the ability to circumvent the access control technology which would exacerbate the digital divide.*[77]

B. Licenses and Unilateral Action

Of particular importance in this context is the capacity of licensing contracts to enable digital users to obtain content with reasonable transactional efficiency. While fragmented rights have at times created an anticommons that behooves efficient licensing,[78] new institutions may be expected to arise in markets to facilitate efficient transactions.[79]

A useful instrument that will serve a central accommodating role in applications of digital technology is the site license. For periodic fees, site

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[76] Writes one critic: "We access several journals online from one publisher whose password protects their site. It is set up for one user at a time. So all journals are tied up while one person looks at one, although he/she could browse all of them. They are all unavailable while that one person uses the collection." Nisbet Comments, *supra* note 24, at 22.

[77] David Mirchin, Testimony on Behalf of SilverPlatter, Inc., May 2, 2000, at 5 (Triennial Review Hearing), *supra* note 68, *available at* http://www.loc.gov/copyright/1201/hearings/silver_platter.pdf (emphasis added) [hereinafter Mirchin Testimony].

[78] *See* James M. Buchanan & Yong J. Yoon, *Symmetric Tragedies: Commons and Anti-Commons*, 43 J.L. & ECON. 1 (2000). The problem is particularly pronounced in the fragmentation of rights in musical works, where record labels and music publishers control rights to the sound recording and underlying composition. *See Digital Music and the Anti-Commons*, *in* MICHAEL A. EINHORN, MEDIA, TECHNOLOGY, AND COPYRIGHT: INTEGRATING LAW AND ECONOMICS (2004).

[79] *See* Robert P. Merges, *The End of Friction? Property Rights and Contract in the Newtonian World of On-Line Commerce*, 12 BERKELEY TECH. L.J. 115 (1997).

licensors to any designated computer location offer unlimited access with no additional charge imposed per number of users or transactions. Rights owners may then avoid a metered pay-per-use that library critics apparently fear most. With site licensing, context will be priced most efficiently at short-run marginal cost[80] (i.e., zero) and face minimal (if any) transactions costs.[81] Indeed, Ann Okerson, Associate Director of the Yale University Library, sums up the case: "Price issues notwithstanding, libraries are able to secure crucial and significant use terms via site licenses, terms that often allow the customer's students, faculty, and scholars significant copying latitude for their work . . ., at times more than what is permitted via the fair use and library provisions of the Copyright Act of the U.S."[82]

As a prime example of site licensing, college library subscribers to Elsevier's LexisNexis Division now may offer to students and professors simultaneous unlimited access to the company's 1,200 scholarly journals. Libraries pay fees on a per-student basis with optional sublicenses that cover off-campus access. The access mechanism of LexisNexis is protected through IP validation, which allows access only to computers with Internet Protocol addresses that subscribing institutions supply beforehand. Summarizing her company's position, Karen Hunter of Elsevier understands the drawbacks of pay-per-use and superdistribution:

> Elsevier's goal is to give people access to as much information as possible on a flat fee, unlimited use basis. [Elsevier's] experience has been that as soon as the usage is metered on a per arti-

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[80] The short run marginal cost is the incremental cost of producing the next unit, assuming that production technology does not change. Economists believe that economic efficiency is maximized in the short run when products are priced at short run marginal cost. Inefficiencies can arise in the long run if the resulting profit level is insufficient to spur additional investment.

[81] Admittedly, blanket licenses can be "tie in" arrangements that unduly restrict users to make inefficient "all or nothing" choices. Broad. Music, Inc. v. Columbia Broad. Sys., Inc., 441 U.S. 1 (1979). However, these concerns are better resolved by appropriate antitrust authorities and are not a matter for copyright administration.

[82] Ann Okerson, The Transition to Electronic Content Licensing: The Institutional Context in 1997, at 1, Scholarly Communication and Technology Conference of the Andrew W. Mellon Foundation, Emory University, Apr. 24–25, 1997, *available at* http://www.library.yale.edu/~okerson/mellon.html. Ms. Okerson continued: "The Yale Library, for example, is now party to a number of licenses that permit substantial amounts of copying and downloading for individual learning, research, in-the-classroom learning, library reserves, coursepacks, and related activities. Interlibrary loan and transmission of works to individual scholars are matters that still need a great deal of work. However, the licenses of 1996 and 1997 represent significant all-around improvements and surely reinforce the feeling that rapid progress is being made." *Id.* at 6.

> cle basis, there is an inhibition on use or a concern about exceeding some budget allocation.[83]

In a licensing variation, SilverPlatter — which sells access to 250 on-line databases — allows academic libraries to choose from a menu of subscription fees based on the number of allowed simultaneous users. SilverPlatter points out that its versioning meets the varied needs of differently sized institutions.[84] Moreover, the company's testimony before the Copyright Office illustrates that excessive restraint is not a competitive business strategy:

> Five years ago, database producers typically had geographic restrictions on their products, limited to a particular computer, or a particular building. The market resisted this, and now it is routine to see database publishers . . . making their products available to authorized users . . . from anywhere in the world.[85]

In this respect, a great number of database providers seem to have moved from pricing schemes based on minutes of connect time (which was unpredictable and which discouraged browsing) to new systems that featured free access.

However, site licenses and flat-fee payments are not useful for one-time access, or a limited number of specific uses, that are necessary to accommodate occasional users. More preferred here are transactional licenses, i.e., pay-per-use or short period contracts that can be entered instantaneously. The Internet is particularly suited to enable transactional licensing, as it can monitor takings and affix micropayments accordingly. In this respect, the College Division of Houghton Mifflin engaged in a joint venture with Copyright Direct, a permissions tool of Yankee Rights Management, to provide to users instant access to on-line material on a transactional basis. The Division also had worked with Reciprocal to provide "secure containers" to permit related information on relevant rights and permissions to be carried online with the related content.[86]

Finally, Internet technology enables a wider scope for particular licenses. For example, journal publishers now may make content available through generalized subscriptions that permit access to bundles of a pre-

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[83] *Quoted in* Andrew Odlyzkso, Stronger Copyright Protection for Cyberspace: Desirable, Inevitable, and Irrelevant 17, *available at* http://www.research.att.com/~amo (last visited Feb. 24, 2004).

[84] Mirchin Testimony, *supra* note 77, at 3.

[85] *Id.* at 4.

[86] *Promoting Technology and Education: Turbo-Charging the School Buses on the Information Highway: Hearing Before the Senate Judiciary Committee*, 107th Cong. 25 (2001) (statement of Allan R. Adler), *available at* http://www.publishers.org/home/congrpt/s487testimony.htm.

specified number of articles that may subsequently be chosen.[87] This generalized subscription model was found to be a particularly popular alternative to traditional subscriptions to bound journals, as few readers take the time to read everything in any particular issue

C. *Electronic Book Publishing*

With great potential, electronic book publishing now still seems tied to the one-book, one-user model; broad mechanisms to protect first-sale rights do not now exist and fair use is difficult.[88] Nonetheless, a White Paper jointly sponsored by the American Library Association (ALA) and the Association of American Publishers (AAP) finds that publishers have stressed the need for easy-to-use, cross-platform DRM systems to enable borrowing, browsing, transporting, copying, donation, and other advantages of printed books.[89] While some publishers have indeed used DRM to limit access, others now apply nothing more that click-through licenses and non-encryption means of copyright enforcement.[90] The AAP is now engaged with DRM vendors in the Open eBook Forum to establish industry standards to enable cross-platform compatibility between all devices and book releases.[91]

Unilateral action undertaken by electronic publishers is moving in the direction of less restriction. At least six leading vendors have instituted remote access features to facilitate library lending.[92] To accommodate reader groups, Microsoft has increased the number of devices from two to four upon which a work may be read simultaneously.[93] Electronic publishers now generally release e-books to accommodate multiple reading formats, including Adobe, Microsoft, and Palm.[94]

Regarding device compatibility, Palm and Franklin Electronic Publishers have forsaken the opportunity to charge more for equipment upgrades and now release content with backward compatibility to the stock of existing devices.[95] Palm Digital Media's e-book platform now accom-

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[87] Maria S. Bonn et al., *A Report on the PEAK Experiment: Content and Design*, 5 D-Lib Mag. (June 1999), *at* http://www.dlib.org/dlib/june99/06bonn.html.

[88] F. Hill Slowinski, What Consumers Want in Digital Rights Management (DRM): Making Content as Widely Available as Possible In Ways that Satisfy Consumer Preferences 33 (2003), *available at* http://doi.contentdirections.com/mr/aap.jsp?doi=10.1003/whitepaper1.

[89] *Id.* at 24.

[90] *Id.* at 20.

[91] *Id.* at 25.

[92] *Id.* at 19 (Adobe, Baker & Taylor, Follett, Netlibrary, Overdrive, and Fictionwise).

[93] *Id.*

[94] *Id.* at 19.

[95] *Id* at 28.

modates Palm, Mac, and Windows-based desktops and laptops.[96] Adobe, which had made its e-book platform interoperable on Macs and Windows PCs, recently enabled bundling with Acrobat, which has the largest market share of the PDF readers.[97] Each of these actions is explicable; producers benefit when their products are easy to use.

D. Licensing Institutions and Consortia

Licensing could prove more difficult when cooperation of several different content providers is necessary for a particular project, as would be the case — for example — in a film course. In joint licensing situations, each content provider may have incentive to hold out for a greater share of the licensing take.[98] However, before instituting fair use or otherwise reassigning property rights by administrative fiat, we should here recognize the great potential for subscription agents, copyright collectives, rights clearance centers, and "one-stop shops"[99] to negotiate complex contracts that accommodate online requests, and otherwise facilitate collection when sole source, single use, or general subscription licensing is impractical.[100] Through electronic rights management, transactional licensing through these organizations will move from a domain of letters,

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[96] *Id.* at 18.

[97] *Id.* at 18-19.

[98] Regarding the holdout problem, "a major university renowned for its cinema program, frustrated in its effort to create a dynamic new distance education film course, despite being willing to commit $600,000 to the production of the course, yet unable to bring about a course that relied on short film clips that drew on segments as short as 30 seconds. Some people never responded. Others demanded a great deal of money. Others simply denied participation. In the end, the failure to secure rights to film clips less than a minute long shut down what was going to be an exciting educational program." *Promoting Technology and Education: Turbo-Charging the School Buses on the Information Highway: Hearing Before the Senate Judiciary Committee*, 107th Cong. 17-18 (2001) (statement of G. A. Heeger, President, University of Maryland University College).

[99] University consortia are teams of libraries that negotiate collectively on behalf of a group of individual members. Subscribing agents are commercial agents who negotiate usage contracts on behalf of one or many licensees. Copyright collectives negotiate contracts on behalf of their rights holders, e.g., in photo-reproduction or musical performances. Rights clearance centers grant licenses based on individual terms specified by the owner. "One-stop-shops" are a coalition of separate collective management organizations which offer a centralized source for a number of related rights, e.g., photos and music, that would be particularly useful in multimedia production. Collective Management of Copyright and Related Rights, *at* http://www.wipo.org/about-ip/en/about_collective_mngt.html (last visited June 26, 2001).

[100] Robert P. Merges, *Contracting into Liability Rules: Intellectual Property Rights and Collective Rights Organizations*, 84 CAL. L. REV. 1293, 1392 (1996).

emails, and faxes to full online functionality where relevant information is submitted — and permissions obtained — through Web interfaces.

On the owner side of the bargaining table, the vice-chairman of the International Federation of Reproduction Rights Organizations, Prof. Daniel Gervais of the University of Ottawa, offers an alternative philosophy — "positive licensing" — to rights owners who see licensing and access protection primarily as protectionist instruments to curtail user rights:

> The basic question boils down to this: is the provider's mandate to minimize unauthorized uses or is it to maximize authorized uses? To limit unauthorized reuse, negative licensing tools are used: encryption, digital containers, and others that limit the options available to the user . . . by physically preventing uses that the rights holder wants to prohibit . . . . [Positive licensing], on the other hand, assumes that users find what they want and are given an easy option to determine terms of use, both at the time they acquire the content and later on . . . [Positive licensing] allows users to acquire the content on appropriate terms (and at the right price) and then acquire new rights as their needs change and grow.[101]

Promising improvements in licensing technology reflect Gervais' positive perspective. At the LIBLICENSE Web site, university librarians may propose online contract modifications to meet their specific needs.[102] The Copyright Clearance Center in the U.S now offers blanket contracts and transactional services for a catalog of 1.75 million text works controlled by 9,600 owners.[103] The Center's Academic Permission Service licenses in real time reproduction rights for single academic materials and course packs. The Center's Digital Permissions Service has provided online permissions for reproductions in electronic format in real time since 1997.[104]

The range of licensing activity is wide. In June 2001, Rightsline.com began to offer one-stop online licensing to 1,160 diverse members of the International Licensing Industry Merchandisers' Association, including a

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[101] Daniel J. Gervais, E-Commerce and Intellectual Property: Lock it Up or License?, *at* http://www.copyright.com/News/AboutArticlesIntellectualProp.asp (last visited June 15, 2001) .

[102] LIBLICENSE, *at* http://www.library.yale.edu/~llicense/index.shtml (last visited Feb. 17, 2004).

[103] Instant Licensing and Delivery of Content Online Lets Customers Lawfully Reuse Articles from The New York Times Web Site, *at* http://www.copyright.com/News/AboutNewsReleases2001Aprl9_RL.asp (Apr. 9, 2001).

[104] Copyright Clearance Center, Comments, Promotion of Distance Education through Digital Technologies, U.S. Copyright Office, Docket No. 98-12A, Feb. 5, 1999.

wide range of properties in film, music, sports, and publications.[105] The Media Image Resource Alliance now provides online access to licenses for over 60,000 photographs.[106] Info2clear in Europe provides online licensing for text reproductions, online views, and controlled downloads that may eventually implicate choice of language.[107] A provider of online software, Publiotech, combined with Copyright Direct in a joint venture that allows users to obtain rights to "package on the fly" (i.e, combine dissimilar documents for composite deliveries made to final customer accounts) with instant licensing and royalty payment.[108]

On the user side, library consortia, which have existed for decades, have exploded in the past ten years. Since inception in 1997, library membership in the International Coalition of Library Consortia has grown fourfold to above 125, with estimated cost savings for its members ranging from 25 to 33%.[109] Consortial activity in the U.S. has been financed largely by state governments (e.g., Ohio, California, and Virginia), which have been "willing and eager to provide additional funding to support broad-based [university] consortia designed to improve access to serious electronic information for the benefit of the public citizenry."[110] Ann Okerson writes of the Schumpeterian transformation of organizational mode that consortia make possible:

> The economic and intellectual arrangements for the provision of information are being transformed by these consortia. Every day, we negotiate licenses that deliver more and more electronic content to our users, through arrangements that are favorable both to libraries and publishers. The consortial world is indeed one where willing buyers meet willing sellers. The loud arguments over copyright and serial prices tend to subside during these negotiations. The marketplace turns out to be a place where the advantage of all can be served, if we do our jobs well.[111]

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105 *See* Overview, *at* http://www.rightsline.com/overview.asp (last visited Feb. 17, 2004).

106 Victor S. Perlman, Reply Comments in Section 1201 Anti-circumvention Rulemaking Proceeding 2 (Mar. 31, 2000) (Triennial Review), *available at* http://www.copyright.gov/1201/comments/reply/072perlman.pdf.

107 *See* http://www.info2clear.com (last visited Feb. 27, 2004).

108 *Publiotech Software for Creating, Managing Digital Publications*, 15 INFORMATION TODAY, June 1998, *at* http://www.infotoday.com/IT/jun98/news6.htm.

109 Ann Okerson, Strength in Numbers: Library Consortia in the Electronic Age, Section III.C (2000), *at* http://www.library.yale.edu/~okerson/strength-numbers.html (last visited Jan. 18, 2004).

110 *Id.*

111 *Id.*

V. TRUSTED SYSTEMS

The general concern about the dangers of DRM has emerged recently in discussions regarding trusted systems, which entail industry standards for installing hard-wired functionality in the encoded chip or microprocessor that governs computer hardware. Trusted computers can be used to wall off data and computer memory, secure communications and input/output, verify system or content characteristics, and provide sealed storage for encryption keys in chip locations that are safer than a hard drive. Trusted computing can also be used to enforce the rights and permissions inherent in digital rights management.

A. Trusted Computing

Trusted computing can be beneficial because hardware protection generally is more difficult to defeat than software protection, which is now often trumped by reverse engineers and hackers. Trusted technology may be difficult to enact nonetheless, as it requires different producers of software and hardware to come to implement a set of common standards. In this last regard, trusted computing moved a step closer toward reality in 2003, as Microsoft moved forward with its Next Generation Secure Computing Base (formerly known as Palladium). Moreover, an industry consortium, now called the Trusted Computing Group (composed of Microsoft, Intel, IBM, Advanced Micro Devices, and Hewlett Packard), will also present an alternative platform.[112]

Critics, such as Seth Schoen of the Electronic Frontier Foundation, fear trusted computing primarily for enabling *remote attestation* — the ability of a third party to determine whether a remote piece of software or content has been tampered with, and whether such material should then be allowed to interoperate with any proprietary content under its control.[113] Schoen fears that trusted computing could here be used to stop users from modifying their own software; additionally, he fears that software or content providers will tether content to a small number of ma-

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[112] Once Called the Trusted Computing Platform Alliance. *See generally* Building a Foundation of Trust in the PC (2000).

[113] *See generally* Seth Schoen, Trusted Computing: Promise and Risk, Electronic Frontier Foundation (2003), *available at* http://www.eff.org/Infra/trusted_computing/20031001_tc.pdf. "The [challenger] queries the [invading] remote platform . . . . When it receives a query from the challenger, the remote platform responds by digitally signaling and then sending the industry metrics . . . . If the signature is verified, the challenger can then determine whether the identity metrics are trustworthy. If so, the challenger . . . can then deliver the content . . . [The Trusted Computing Platform Alliance] lets the challenger make the final decision regarding the trustworthiness of the platform." Building a Foundation of Trust in the PC, *supra* note 112.

chines, force upgrades or downgrades, and facilitate the operation of spyware. To resolve matters, he then suggests that trusted systems accommodate an owner override, which would inform PC owners of activated agents enabled through remote attestation, and permit their subsequent disabling.

With regard to owner override, Intel at least would apparently agree: "PC owners must have a choice whether they want to opt in to [trusted] protections and, to the degree feasible, maintain control over the various functions."[114] In Intel's LaGrande Technology (a platform for TCG), the capability would be "off" at the time of purchase unless otherwise requested; any feature control could be subsequently turned on or off with owner knowledge and control.[115] Moreover, users of LaGrande would have clear visibility into the operational state of the trusted system. Finally, Intel would make available privacy protection mechanisms that would not be associated with any Personally Identifiable Information. From an economic perspective, Intel understands that user inconvenience would only reduce the demand for its hardware and delay the rollout of trusted computing.

In fact, trusted computing with opt-in would allow users to toggle between two parallel networks with different degrees of openness and content security, a user may choose to belong to one or both, depending on her immediate needs. Trusted computing then permits versioning of networks that accommodates different functionalities.

To Schoen, the LaGrande Technology is still problematic even if made voluntary.[116] He fears that some amount of self-generated software that interoperates with material on other computers would no longer be so operable if attestation is required;[117] i.e., trusted computing would "explicitly reduce [programmer] power to choose what software they will use by creating new third-party leverage over that choice."[118] Schoen fails to acknowledge that rights owners, who invest considerable resources in producing content, may have good reason to avoid ingenious computing tools that could be designed to take their content. In this regard, their desire to institute "leverage" is secondary to defending their property right.[119]

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[114] Intel, LaGrande Technology Policy on Owner/User Choice and Control: Draft for Industry Comment 3 (Sept. 2003), *available at* ftp://download.intel.com/technology/security/downloads/LT_policy_statement_0_8.pdf.

[115] *Id.*

[116] Seth Schoen, EFF Comments on LT Policy on Owner/User Choice and Control 0.8, Electronic Frontier Foundation 1 (2001), *available at* http://www.eff.org/Infra/trusted_computing/eff_comments_lt_policy.pdf.

[117] *Id.* at 4.

[118] *Id.*

[119] *See* Kenneth W. Dam, *Self-Help in the Digital Jungle*, 28 J. Leg. Stud. 393 (1999).

Ross Anderson of Cambridge University suggests that trusted computing will lead to a reduction in distributed innovation, which is related to open source software. This connection is based upon an understanding of research performed by Eric von Hippel of MIT, who finds that some technology advances (e.g., open source software and windsurfing equipment) were actually initiated by end-users rather than directed by central manufacturers.[120] An open network is necessary for their continuation.

However, the inference drawn from von Hippel is flawed. None of the innovations in his studies present negative externalities to sectors (other than usual market competition), as hackers evidently do to content owners. When such invasive externalities are possible, economic consideration requires more careful attention to the efficient award of property rights and design of incentives. Anderson's criticism ignores Coase's transaction analysis; when the costs of negotiating an otherwise desirable transaction are high (due, for example, to haggling and related delay), the law itself must somehow balance costs and benefits and establish property rights that cordon off the most efficient uses of property to contending artists.[121] Self-help technology is often a reasonable device for maintaining the order.[122]

Even if locked down, safe content is a primary component in spurring participation in an innovative broadband network.[123] The intuition is simple. For a great many users, services would be upgraded to accommodate applications in real time. Consequently, if more content can be safely presented, more broadband upgrades will result. A primary leavening for generating more investment in broadband connectivity now appears to be the security that can be provided to content producers.

In 1994, the Internet began its takeoff from an academic network to a worldwide communications machine because commercial uses were permitted. As a consequence, more pedestrian users had reason to invest in connections made possible by network providers. In much the same manner, the second tsunami of broadband may then involve a nexus of innova-

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120 *See* Eric von Hippel, Open Source Software Projects as User Innovation Networks (2002), *available at* http://www.idei.asso.fr/Commun/Conferences/Internet/OSS2002/Papiers/VonHippel.pdf.

121 *See* Ronald H. Coase, *The Problem of Social Cost*, 3 J.L. & ECON. 1 (1960).

122 Dam, *supra* note 119

123 "The FCC's strategic goal for Broadband is to establish regulatory policies that promote competition, innovation, and investment in broadband services and facilities while monitoring progress toward the deployment of broadband services in the United States and abroad," Broadband, *at* http://www.fcc.gov/broadband (last visited Feb. 17, 2004).

tive product and delivery, which necessitates clear protections of content security and presentation technology.[124]

B. Trusted Computing and Market Power

A key aspect of trusted computing is its capacity to enhance market power (i.e., the ability to increase prices and limit entry), which economists acknowledge that an award of property rights may sometimes bestow. Policy makers rely upon market incentives and tactical engagement through antitrust enforcement or price regulation to curb the danger.

Three examples illustrate expected market play and tactical policymaking for concurrent issues in trusted computing. With trusted computing, a great number of Web sites may demand software attestation from prospective visitors. As commercial Web sites generally exist in order to stimulate demand and consumer interest, it would indeed be counterproductive for a site operator to restrain user operations without legitimate cause. By increasing owner security greatly, trusted computing would then allow site owners to make much more content available for prospective buyers. If particular remote software is to be disqualified, Web sites may be expected to supply new visitors with access to guest programs, or otherwise make efforts to accommodate general browsing.

As a second matter, critics of trusted computing fear its ability to defeat interoperability between platform technology and competitive application software;[125] the economic consequence is termed tying. As a key theoretical advance in the past fifty years, economists have come to recognize that tying is often economically efficient. For if bottleneck and competitive goods are used in fixed proportions, the bottleneck producer has incentives to tie into the competitive market only if the combination is

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[124] For example, an intriguing such service that combines new technology and new content is AtomFilms, which announced in January, 2004 the launch of "AtomFilms Hi-Def." The new service delivers high-definition films over the Internet in full-screen mode and is supported by advertising. Maven Networks will provide content management, production and the delivery platform for the movies, transmitted to users at 850kbps using Microsoft's Windows Media High-Definition Video at 720p resolution. After downloading Maven's software, users will automatically receive three new shorts each week. Advertisers signed on for launch include Nintendo and Microsoft Windows XP Media Center. *See* Maven Networks, *at* http://www.maven.net; Atom Films, *at* http://hidef.atomfilms.com (last visited Feb. 17, 2004).

[125] *See* Pamela Samuelson & Suzanne Scotchmer, *The Law and Economics of Reverse Engineering*, 111 YALE L.J. 1575 (2002). The legal definition is "starting with the known product and working backwards to divine the process which aided in its development or manufacture." Kewanee Oil Co. v. Bicron Corp., 416 U.S. 470, 476 (1974). *See also* Andrew Johnson-Laird, *Software Reverse Engineering in the Real World*, 19 U. DAYTON L. REV. 843, 845-46 (1994).

more efficient.[126] By contrast, tying with variable proportions assigns to purchasers of platform goods (e.g., printers) payments that are based to some degree on their individual purchases of tied complements (e.g., ink).[127] Producer profits can be higher from the tie, thereby presenting an attractive way of monetizing development costs of a patented product and keeping the price of the platform technology down. While an economic case against tying can sometimes be made, a careful analysis of market and technological considerations is necessary (as in *United States. v. Microsoft*[128]). A tactical antitrust analysis then is the appropriate means to determine the appropriate course, and trusted computing is no different in this context than any other monitoring technology that facilitates tying.

Third, trusted computing may present greater concern in connection with Microsoft, a pivotal player in platform development. However, it is essential to avoid bootstrapping a criticism of trusted computing with a criticism of Microsoft. With its box licenses, non-revelation of application program interfaces, and bundling of its browser and media player, Microsoft has the evident capability of behaving anti-competitively and now operates under surveillance by the U.S. Department of Justice and the European Commission. Most recently (January 14, 2004), Microsoft came to an agreement with the Antitrust Division of the U.S. Department of Justice to modify the "Shop for Music Online" feature, which invoked Internet Explorer even when the consumer chose another browser during the purchase of online CDs.[129] Microsoft (and other wielders of market

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[126] *See* Ward S. Bowman, *Tying Strategies and the Leverage Problem*, 67 YALE L.J. 19 (1957).

[127] A defense of tying with variable proportions is made with reference to an example that Anderson frequently cites to his own unwitting disadvantage—manufacturers of printers (such as Hewlett Packard, Lexmark, Canon, and Epson) now install technology to block the installation of competitor refill cartridges. Matthew Broersma, *Printer Makers Rapped over Refill Restrictions*, ZDNet News, Dec. 20, 2002, *at* http://news.zdnet.co.uk/business/0,39020645,2127877,00.htm. To economists such as Hal Varian of the University of California, the economic rationale is clear, "give away the razor to sell the blades." Hal R. Varian, *New Chips Can Keep a Tight Rein on Consumers, Even After They Buy a Product*, N.Y. TIMES, July 4, 2002, at C2. To Prof. Varian, manufacturers now compete for market share in a competitive market by keeping printer prices down and collecting subsidies from the sale of cartridges (paid disproportionately by their largest users). Indeed, cartridge revenues now constitute 90% of sales in the global printer market. Broersma *supra*.

[128] A wide range of material is available at the Department of Justice Web site. *See* http://www.usdoj.gov/atr/cases/ms_index.htm. (last visited Feb. 17, 2004).

[129] Reuters, *Microsoft to Tweak Online Shopping*, Yahoo!Finance (Jan. 15, 2004). The company also agreed in 2003 to make it easier for rivals to license computer code to allow server software to interoperate with Windows, and to

power) draw necessary tactical engagement by government agencies and courts in the U.S. and Europe that enter into Consent Decrees and enforce laws regarding antitrust and copyright misuse. In this respect, cryptographer Bruce Schneier — scarcely a friend of Microsoft — acknowledges that Microsoft may be constrained considerably in what it may attempt to do with trusted computing, including actions regarding Linux.[130] As the legal system has the tactical means to respond to anti-competitive acts with thoughtful nuance and precision, there is then no compelling economic case for a strategic preemption of one technology — trusted computing — for fear that it can be used in such a manner.

As Schneir alludes, interference with Linux (i.e., open source) seems particularly unlikely. In its nature, trusted computing (with opt-in) would not stop any team of programmers from engaging one another in open source projects. Moreover, providers now developing application software for Linux include Adobe, Borland, Checkpoint, Lotus, Novell, Oracle, Veritas, and IBM (a member of TCG).[131] The reason why high-tech companies have ongoing interest in Linux is because open source programming affords to highly skilled corporate programmers the technical ability to write compatible code efficiently without maintaining a large kernel filled with "buggy" consumer features that require considerable more effort to debug.[132] The present appeal of the open source movement among the corporate high tech community — as well as their potential engagement

give more prominent display to a button to allow users to remove Internet Explorer.

130 "It's hard to sort out the antitrust implications of Palladium. Lots of people have written about it. Will Microsoft jigger Palladium to prevent Linux from running? They don't dare. Will it take standard Internet protocols and replace them with Microsoft-proprietary protocols? I don't think so. Will you need a Palladium-enabled device — the system is meant for both general-purpose computers and specialized media devices — in order to view copyrighted content? More likely, will Microsoft enforce its patents as strongly as it can? — almost certainly. Bruce Schneier, *Palladium and the TCPA*, Cryptogram Letter (Aug. 15, 2002), *at* http://www.schneier.com/crypto-gram-0208.html.

131 M. Webbink, Presentation, Open Issues on Open Source, Kaye Scholer LLP, N.Y. (Nov. 6, 2003).

132 In one survey, testing, debugging, and program maintenance accounted for 82% of development costs. MICHAEL A.CUSAMANO, JAPAN'S SOFTWARE FACTORIES: A CHALLENGE TO AMERICAN MANAGEMENT 65 (1991). Microsoft in 1995 employed 3,900 engineers for testing and customer support, but only 1,850 engineers for software design. Many of these engineers had to spend some time debugging as well. MICHAEL A. CUSAMANO & RICHARD W. SELBY, MICROSOFT SECRETS: HOW THE WORLD'S MOST POWERFUL SOFTWARE COMPANY CREATES TECHNOLOGY, SHAPES MARKETS, AND MANAGES PEOPLE (1995).

with antitrust authorities — would offset any concern that Microsoft could use trusted computing to defeat open source projects.

Finally, while trusted computing can be used anti-competitively to block compatibility, Schoen acknowledges that software or content providers can now tether content to a small number of machines, force upgrades or downgrades, and facilitate the operation of spyware.[133] For his part, Anderson acknowledges that trusted devices themselves can be defeated, although with greater difficulty.

VI. THE COPYRIGHT OFFICE AND CIRCUMVENTION

In October 1998, the U.S. Congress enacted the Digital Millennium Copyright Act (DMCA), which places strong limits on user activities that circumvent access protection technology. Section 1201(a)(1) of the DMCA provides that "no person shall circumvent a technological measure that effectively controls access to a work protected under this title."[134] Section 1201(a)(2) further disallows the manufacture, import, offering, provision, or other trafficking of devices that could be used for the purpose of circumventing access protection.[135] Section 1201(b) additionally bans related devices that may circumvent copy controls, but does not outlaw the actual act of circumvention.[136] The remainder of Section 1201 sets forth qualifications that attempt to mitigate the restrictiveness of the anti-circumvention clauses.[137]

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[133] While Schoen admits that each of these unfriendly behaviors are now possible, he contends that such arrested programs could easily be defeated with "well understood techniques" in emulated environments. This is scarcely a satisfactory response, as only professional programmers could reasonably be expected to understand such techniques that Schoen identifies. *Id.*

[134] 17 U.S.C. § 1201(a)(1)(A) (2000). Circumvention means to "descramble a scrambled work, to decrypt an encrypted work, or otherwise to avoid, bypass, remove, deactivate, or impair a technological measure, without the authority of the copyright owner." *Id.* § 1201(a)(3)(A).

[135] "No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof, that is primarily designed or produced for the purpose of circumventing a technological measure that effectively controls access to a work protected under this title." *Id.* § 1201(a)(2). Outlawed devices must be primarily designed to facilitate circumvention, have limited commercially significant impact beyond circumvention, or be marketed with knowledge for use in circumventing a technological measure. *Id.*

[136] "No person shall manufacture, import, offer to the public, provide, or otherwise traffic in any technology, product, service, device, component, or part thereof that is primarily designed or produced for the purpose of circumventing protection afforded by a technological measure that effectively protects a right of a copyright owner under this title in a work or a portion thereof." *Id.* § 1201(b)(1).

[137] *Id.* §1201(c)–(j).

A. Copyright Office Review

In the fall of 2003, the Copyright Office completed its second triennial review of the conduct ban implemented in § 1201(a)(1). Per statutory requirements,[138] the Office assessed whether the conduct ban on circumvention (i.e., § 1201(a)(1)) had actually diminished how individuals made lawful uses of protected works. Classes of works so adversely affected were to be exempt from the conduct ban.

In this quite restricted domain, the Copyright Office came to permit exemptions only for (1) compilations of Web sites blocked by commercially marketed filtering software, (2) computer programs protected by dongles that prevented access due to malfunction or damage, (3) computer and video games distributed in formats that have become obsolete and which require the original media or hardware as a condition of access, and (4) literary works distributed in electronic book (e-book) format when all existing e-book editions of the work contain access controls that prevent the enabling of the e-book's read-aloud function, or otherwise prevent the enabling of screen readers to render the text into a specialized format.[139] In enacting these four limited permissions, the Office twice declined to follow comments that suggested exemptions for a wider number of other consumer uses.[140]

There are four problems with the present administrative process. First, the Copyright Office drew upon perceived legislative intent and considered only demonstrated adverse impact to "users of a particular class of work" that were based on "the attributes of the works themselves, and not by reference to some external criteria such as the intended use or users of

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138 *Id.* § 1201(a)(1)(C). In conducting its rulemaking, the Librarian was to consider: 1) the availability for use of copyrighted works; 2) the availability for use of works for nonprofit archival, preservation, and educational purposes; 3) the impact on criticism, comment, news reporting, teaching, scholarship, or research; and 4) the effect on the market for other copyrighted works. *See also* H.R. REP. NO. 105-551, at 37 (1998).

139 Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies, 68 Fed. Reg. 62,011-18 (Oct. 31, 2003).

140 Among others, rejected ideas appeared in Initial Comments in the Triennial Review, *supra* note 68, include "thin copyright" (John C. Vaughan, American Association of Universities, et al., Feb. 17, 2001), education uses (Chris Collins, National Association of Independent Schools, Feb. 10, 2000), and audio-visual archives (David A. Francis, National Digital Library Program, Feb. 17, 2000), *at* http://www.loc.gov/copyright/1201/comments. Similar points were supported in testimony by libraries and their users (J.G. Neal, Johns Hopkins University, May 4, 2000), and educational media centers (J. Clark and D. Vogelsong, Consortium of College and University Media Centers, May 3, 2000).

the works."[141] In economic reality, the benefits and costs of a use allowance per § 1201(a)(1) cannot practically be made without regard to the value of underlying consumer activities[142] and the transactional difficulties of market exchange.[143] The imposed requirement to consider only the physical attributes embedded in entire classes of work may mean that a number of non-infringing uses will remain illegal because they implicate a wider class of proscribed works.

Second, as stated, the Copyright Office's analysis now must be legally confined to demonstrated adverse effects. This ignores the possibility that a great number of innovative uses or devices have not yet emerged, and might never emerge, if use restrictions disallow their application. There is then a real "chicken and egg" problem.

Third, the Office now views copy and access protection as two independent domains, with the former beyond the present administrative purview of § 1201(a).[144] The Office dismissed the problem of copy circumvention, pointing out that there is now no restriction in the DMCA that disallows copying for noninfringing uses of materials that have been lawfully acquired or accessed.[145] However, the Association of American Universities cautioned regarding bootstrapping of access and usage controls; i.e., access "controls can be, and increasingly will be, coupled with

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141 Copyright Office, Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies: Final Rule, 65 Fed. Reg. 64,555, 64,559 (2001) [hereinafter Final Rule].

142 Julie Cohen, Testimony, May 4, 2000, at 2 (Triennial Review Hearing), *available at* http://www.copyright.gov/1201/hearings/cohen.pdf.

143 From an economic perspective, fair use is properly instituted in copyright law to serve as a legal escape valve when the transaction costs of a market activity are too high. Transaction costs may result from negotiation difficulties as well as third-party effects known as externalities. Wendy J. Gordon, *Fair Use as Market Failure: A Structural and Economic Analysis of the Betamax Case and Its Predecessors*, 82 COLUM. L. REV. 1600, 1615 (1982) ("Only where the desired transfer of resource use is unlikely to take place spontaneously, or where special circumstances such as market flaws impair the market's ordinary ability to serve as a measure of how resources should be allocated, is there an economic need for allowing nonconcensual transfer.").

144 "Many of the concerns . . . are actually related to copy control measures rather than access control measures . . . The Higher Education Associations cite the frequent phenomenon of "disappearing" works — those appearing online or on disk today that may be gone tomorrow, e.g., because they may be removed from an online data base or because the library or institution has access to them only during the term of its license to use the work. . . . It would appear that restrictions on copying are more likely to be responsible for the problem. . . . It is difficult to understand how an exemption from the prohibition on circumvention of access controls would resolve this problem." Final Rule, *supra* note 141, at 64,572.

145 *Id.*

usage controls . . . . As technology advances, it will become increasingly difficult to distinguish access control technology from copy control technology."[146]

Fourth, the Copyright Office now has no statutory authority to legalize any circumvention device that would enable most users to engage in legal acts of circumvention. This is the apparent resultant of a concern that hackers may take any piece of circumvention software designed for a limited purpose, and reverse engineer or otherwise transform it to do something more. Granting the point arguendo, the triennial review appears now to be a legal nullity for the average Internet user, who has no ability to break any circumvention.

Nonetheless, if our economic analysis in the preceding sections is correct, the market consequences of the present law may be less problematic than the harshest critics may imagine. Regardless of how rights are initially assigned, content owners themselves will still have financial incentives to provide limited enabling technologies to widen product appeal, stimulate demand, and accommodate new institutions. For example, network users in time will conceivably be able to mouse click to an authorized Web site with the additional device power to provide a particular circumvention need. More generally, trusted programs may eventually be made available to perform acts of limited circumvention; such programs more readily avoid reverse engineering and can tether modified files to particular machines.

B. Legislative Reform

With a more aggressive eye to restoring user rights, Reps. Boucher and Doolittle introduced the Digital Media Consumers' Right Act (DMCRA) in 2002.[147] Section 5(b)(1) aimed to resolve the conflict between § 1201(a)(1) and § 1201(c) of the DMCA. The section made clear that it is legal to circumvent a technological measure in order to gain access to or use a work if circumvention does not result in infringement of copyright.[148] If enacted, the new provision would have allowed users the right to defeat circumvention for noninfringing reasons.

Taken by itself, the suggested change of the DMCRA would have softened many of the legal overextensions that critics identify in the prece-

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[146] Letter from John C. Vaughan, Association of American Universities, to David O. Carson 4 (Feb. 17, 2000) (Comments, Triennial Review), *available at* http://www.loc.gov/copyright/1201/hearings/161.pdf.

[147] Summary of bill *at* http://www.house.gov/boucher/docs/dmcrahandout.htm (last visited Jan. 14, 2004).

[148] *Id.*

dent § 1201(a)(1).[149] In implementation, § 5(b)(1) implicates a number of complex issues regarding infringement, such as fair use, where most consumers are unaware of clear legal signals. If unaided, § 5(b)(1) would be as useful to the average user as the present § 1201(a)(1) of the DMCA.

Accordingly, § 5(b)(2) of the DMCRA would have also relaxed the anti-trafficking provisions of the device ban in § 1201(a)(2) of the DMCA. To do this, it would have modified section § 1201(c) by adding a new paragraph (5) to provide that it is not a violation of § 1201(a)(2) to manufacture, traffick, or make non-infringing use of a hardware or software product that is capable of enabling significant non-infringing use of a copyrighted work.[150] In Rep. Boucher's view:

> The section restores the standard set by the U.S. Supreme Court in the 1984 decision of Sony v. Universal City Studios, 464 U.S. 417 (1984) (commonly known as the "Betamax" case). The provision is intended to ensure that consumers will have access to hardware and software products by which to engage in the activities authorized by the legislation. For example, a person could develop software that would enable him to listen in audio form to the text of an electronic book he has purchased.[151]

Boucher identifies a pressing problem for the average user and attempts to remedy it. Nonetheless, it is apparent that § 5(b)(2) goes too far. By enabling general trafficking of any device with any significant non-infringing use, the act would enable rogue users to obtain technology needed to defeat protection, and then post and distribute copyrighted material throughout the Internet. This would raise considerably the costs of policing the Internet and prosecuting violators, and may discourage a number of investments in content and distribution.

However, a weakened reform of § 1201(a)(2) might be reasonable, such as a conceivable three-year review of circumvention devices. This would allow the Copyright Office to conduct public hearings and recommend standards for technologies that would meet more precise use restrictions on the network (e.g., tethering). The office could also review off-network uses in which access protection is embedded (e.g., garage door openers, toner cartridges) to determine whether access protection should be so extended.[152] However, the Copyright Office would not be statuto-

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[149] The rules of conduct protection regarding access protection in § 1201(a) contrast notably with copy protection rules of § 1201(b), where only circumvention devices, but not the actual conduct, are proscribed.

[150] *Id.*

[151] Digital Media Consumers' Rights Act Section-by-Section Description, *at* http://www.house.gov/boucher/docs/dmcrasec.htm.

[152] *See* Edward Felten, Another DMCA Attack on Interoperation (Jan. 14, 2003), *at* http://www.freedom-to-tinker.com/archives/000253.html; Declan McCul-

rily compelled to permit any circumvention device in any three-year period.

If so implemented, an administrative process would admit room for continuing technical input and feedback, and therefore contrast notably with present legislative and jurisprudential domains that admit no systematic feedback on the device ban of § 1201(a)(2). As one possible example of a suitable circumvention technology that could be legislated, the Office might approve the trafficking of limited circumvention devices to allow home users to make backup copies of personally owned music files, which the Copyright Office itself recommended to Congress as a suitable reform in the DMCA.[153] A key issue would consider whether or not the program could be modified for other uses that are less innocent. As mentioned above, the issue of trustedness would become a key consideration.

VII. CONCLUSION

Lawrence Lessig points out that there is "regulation of behavior in cyberspace, but that regulation is imposed primarily through [computer] code [i.e., access protection and DRM]."[154] In Lessig's view, law is sometimes necessary to defeat the anti-social uses of such regulation by digital providers.[155] From an economist's perspective, the same code is an efficient monitoring technology that enables the enforcement of the very property rights that law generally attempts to preserve in a free market economy. To restrict the exchange of legal property rights is to interfere with an enabling operative that lowers transactions cost and spurs greater investment.

While the duration and scope of copyright can reasonably be questioned, property rights must be preserved if prices are to allocate resources to competing ends and provide the signals that direct future investment in innovations. More generally, the price system is a means for ferreting out impacted information:

> The peculiar character of the problem of a rational economic order is determined precisely by the fact that the knowledge of the circumstances of which we must make use never existed in concentrated or integrated form, but solely as the dispersed bits of incomplete and frequently contradictory knowledge which all the separate individuals possess . . .. Fundamentally, in a system

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lagh, *Lexmark Invokes DMCA in Toner Suit*, CNETnews.com (Jan. 8, 2003), *at* http://news.com.com/2100-1023-979791.html.

153 U.S. COPYRIGHT OFFICE, DMCA SECTION 104: A REPORT OF THE REGISTER OF COPYRIGHTS PURSUANT TO SECTION 104 OF THE DIGITAL MILLENNIUM COPYRIGHT ACT REPORT xxviii-xxxi (2001).

154 LAWRENCE LESSIG, CODE AND OTHER LAWS OF CYBERSPACE 20 (1999).

155 *Id.* at 43.

> where the knowledge of the relevant facts is dispersed among many people, prices can act to coordinate the separate actions of different people in the same way as subjective values help the individual to coordinate the parts of his plan.[156]

From this economist's perspective, it is then procedurally rational to affirm, rather than diminish, the application of property rights *particularly* in new market applications that are now evolving. More than anything else, adaptive pricing of disparate functionalities would permit necessary time for matters to evolve and for more information to come to the foreground. Incrementalism in policy making is purposely and wisely limited — restricting considerations, limiting classifications, forsaking measurement, leaving options open, and learning-by-doing; incrementalists forsake the spectacular imagined gains of ideological fix for the prosaic benefits of slow judgment and reversible errors.[157]

The Copyright Office would seem to concur:

> When changes in technology lead to the development of new markets for copyrighted works, copyright owners and users should have the opportunity to establish mutually satisfactory relationships. A certain degree of growing pains may have to be tolerated if the government is not to step in prematurely, in order to give market mechanisms the chance to evolve in an acceptable direction. At some point, however, existing but dysfunctional markets may require adjustments in the law. Timing is therefore key.[158]

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156 Friedrich A. Hayek, The Price System as a Mechanism for Using Knowledge, *at* http://www2.sjsu.edu/faculty/watkins/hayek.htm (last visited Feb. 23, 2004).

157 Rational comprehensive analysis tries to weigh all factors, attempts to gather all relevant information, and is willing to jump to extreme positions if logically justified. For the classic discussion, see C.E. Lindblom, *The Science of Muddling Through*, 19 PUB. ADMIN. REV. 79 (1959).

158 U.S. COPYRIGHT OFFICE, REPORT ON COPYRIGHT AND DIGITAL DISTANCE EDUCATION 144 (1999), *available at* http://www.loc.gov/copyright/docs/de_rprt.pdf.

CONFLICTS OF LAWS IN COPYRIGHT CASES: INFRINGEMENT AND OWNERSHIP ISSUES

by PAUL EDWARD GELLER*

"Are laws of 200 different jurisdictions . . . applicable?"
Arpad Bogsch, WIPO World Forum, Naples, October 18, 1995

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I. INTRODUCTION

Increasingly, creative works cross borders, arguably falling under the laws of different countries. In copyright matters, conflicts of laws will arise on important issues in litigation and transactions. We shall here construct a framework to help counsel exhaustively analyze such conflicts.[1] On some clearly open issues we shall propose some rules of thumb to guide courts toward solutions. The international system of treaties will in any event control these solutions. In some hard cases we shall only indicate options for courts to explore.[2]

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[1] For the analyses which this Article reconsolidates and refines, see Paul Edward Geller, *International Copyright: An Introduction* §§ 1[3][a], 3[1], 6, *in* 1 INTERNATIONAL COPYRIGHT LAW & PRACTICE (Paul Edward Geller ed., 2003) [hereinafter INT'L COPR. LAW & PRACTICE].

[2] For more speculative analyses, see Paul Edward Geller, *Conflicts of Laws in Cyberspace: Rethinking International Copyright*, 20 COLUM.-VLA J.L. & ARTS 571 (1996), *in a more concise version in* 44 J. COPR. SOC'Y 103 (1996) [hereinafter Geller, *Conflicts of Laws in Cyberspace*], *and in translations in* 31 UNESCO COPR. BULL., no. 1, at 1 (1997). Note that the analyses in the

Part II below will introduce tools useful for dealing with conflicts of laws in copyright cases. After that, we shall illustrate how to use these tools with regard to distinct types of copyright issues. Part III will explain how to resolve conflicts arising with regard to infringement issues in different phases of cross-border cases, from pleading to provisional remedies and then final relief. Part IV will disentangle conflicts of laws concerning ownership issues, starting with the initial vesting of rights and moving to transfers by contract and then to transfers by law.[3]

II. THE CONFLICTS TOOLBOX

In cross-border cases, claimants often shop for forums. The reason is obvious: forum law normally includes the court's jurisdictional, procedural, and conflicts laws. Conflicts law, of course, determines which substantive laws invoked in a cross-border case are to be chosen to govern issues on which the case may turn. To focus our analysis on conflicts of laws, suppose that a U.S. federal district court has already properly taken jurisdiction in a cross-border copyright case.[4] On that premise, we shall consider how the court would or should resolve conflicts of laws in the case. However, parties cannot always control where they are brought into a suit and face judgment. We shall therefore also touch on how foreign courts approach copyright conflicts.[5]

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present Article differ on some points from those in this past article. *See infra* note 137 and text accompanying notes 168-72.

[3] Readers may start with the methodological Part II or instead plunge into the substantive discussions that follow it in Parts III and IV and refer back to Part II as needed or as cross-references in the footnotes suggest. Also Parts III and IV, and even some subtopics within them, may be read independently of each other, depending on research needs or following cross-references set out in the footnotes.

[4] *See generally* 28 U.S.C. § 1331 (2000) (according federal jurisdiction over treaty-related issues); *id.* § 1332 (over diversity cases); *id.* § 1338(a) (over U.S. copyright claims). *See, e.g.*, Armstrong v. Virgin Records, Ltd., 91 F. Supp. 2d 628, 637 (S.D.N.Y. 2000) (where a composer alleged infringement by a recording of his song exploited in interrelated transactions across borders, his claim of infringement taking place in the United States allowed the U.S. federal court "to exercise pendent jurisdiction over claims arising under foreign law").

[5] For other reasons for comparative analysis, see *infra* text accompanying notes 15-19. Outside the United States, comparative analysis will be focused on Continental European cases and, by implication, on conflicts analyses generally followed in civil law jurisdictions. British approaches to conflicts of laws, to the extent not subject to E.C. law, are rather peculiar and may not coincide with either U.S. or Continental European analyses. For British conflicts doctrines, such as they are, see DICEY AND MORRIS ON THE CONFLICT OF LAWS (Lawrence Collins ed., 13th ed. 2000).

To start, we shall survey the conflicts toolbox. This overview will introduce methods of conflicts analysis with reference to copyright cases. Part II.A below will indicate how to approach a pair of threshold questions: In what terms may a court best characterize the issues on which laws conflict? How may a court sort out "true" from "false" conflicts of laws in a copyright case? Part II.B will ask how international policies may come into play when courts resolve conflicts of laws in the field. The Berne/TRIPs regime will be seen to impose the principles that defuse policy tensions most relevant in cross-border copyright cases. Part II.C will introduce the key Berne/TRIPs principle, national treatment, as the basis for resolving conflicts of laws concerning infringement.

A. What Issues Are Subject to Conflicts of Laws?

In a cross-border case, issue analysis may affect adjudication from pleadings through remedies. At the threshold of the case, there is the question of characterization, what Continental Europeans call *qualification*. We shall consider this question in Part II.A.1: In what terms, those of forum law or of some other law or laws, should a court formulate the issues on which laws ostensibly conflict? Once an issue is formulated, it is necessary to ask, as we shall in Part II.A.2: Are differing laws, proposed as dispositive of this issue, truly in conflict or not?

1. In What Terms to Characterize an Issue?

We shall repeatedly encounter the problem of characterization. Consider a case in which copyright is allegedly infringed across borders. The court faces issues such as: In what countries is copyright protection available? In what countries do infringing acts take place? The court needs to refer to some law or laws to specify what notions such as "copyright protection" and "infringement" mean. That is, it has to characterize infringement issues in legal terms applicable to the facts of the case at bar.[6] The problem of characterization also arises when a court has to distinguish which issues in a case are "infringement" issues and which "ownership" issues. As we shall see, the complexity of characterization increases dramatically when chain of title to copyright has to be established, link by link, worldwide.[7] There are three sets of tools available for characterization: the *lex fori* method, the *lex causae* method, and the comparative method.[8] We shall here argue against the *lex fori* method and for moving from the *lex causae* method to the comparative method.

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[6] *See infra* Part III.

[7] *See infra* Part IV.

[8] *Compare* 1 HENRI BATIFFOL & PAUL LAGARDE, DROIT INTERNATIONALE PRIVÉ 338-51 *passim* (7th ed. 1981) (favoring *lex fori*, with caveats), *and*

Start with a method often used, both in U.S. and foreign courts: *lex fori*. We do not propose this method as a tool to use, but rather as a tool to discard. Counsel and courts, most familiar with local law, the law of the forum, habitually use its terms to characterize issues. These terms are appropriate when only domestic law applies to a case, but they can blinker analysis when foreign laws may apply. Thus, in the few jurisdictions where the courts expressly opt for the *lex fori* method, the commentary at least conditions it with complicated caveats.[9] Indeed, this method, used alone, risks limiting or skewing judicial consciousness with regard to foreign laws that, though possibly quite different from forum law, may well bear on a given cross-border case. Imagine, for example, a case where a jazz musician of U.S. nationality creatively improvises a composition while performing it live in the United States, but does not have this work fixed in tangible form, and at the same time another party records this composition live and communicates it to the public in France and Germany without consent. U.S. law would not accord statutory copyright in the improvisational work embodied but not fixed in the performance, while French and German laws would protect the improvisational work, even though unfixed, with full copyright.[10] Characterization purely in U.S. terms could lead both counsel and the court to ignore possible French and German claims.[11]

The more cosmopolitan *lex causae* method comes into play the moment that counsel and courts stop confining themselves to *lex fori*. The *lex causae* method is the preferred default tool in many jurisdictions for characterizing issues arguably subject to conflicts of laws. In the United States, the *Second Restatement of Conflict of Laws* contemplates construing "local law concepts and terms . . . in accordance with the law that governs the

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MARTIN WOLFF, PRIVATE INTERNATIONAL LAW 153-66 *passim* (2d ed. 1950) (favoring *lex causae*, with caveats), *with* 1 ERNST RABEL, THE CONFLICT OF LAWS: A COMPARATIVE STUDY 47-66 *passim* (2d ed. 1958) (favoring the comparative method).

[9] *See, e.g.*, YVON LOUSSOUARN & PIERRE BOUREL, DROIT INTERNATIONAL PRIVÉ 278-99 *passim* (3d ed. 1988) (explaining the French preference for the terms of *lex fori*, subject to caveats). *Cf.* FERENC MAJOROS, LE DROIT INTERNATIONAL PRIVÉ 107 (3d ed. 1990) (a "flexible and difficult matter").

[10] It would be misleading here to confuse copyright in the improvisational work with neighboring or anti-bootlegging rights in the mere performance. *Compare* André Lucas & Pascal Kamina, *France* §§ 2[1][a], 9[1][a][i], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1, *and* Adolf Dietz, *Germany* §§ 2[1][a], 9[1][a], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining copyright in unfixed works and neighboring rights in live performances), *with* Eric Schwartz, *United States* §§ 2[1][a], 9[1][a], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining the fixation requirement for copyright and the anti-bootlegging right).

[11] For a method to avoid ignoring claims, see *infra* Part III.A.

issue involved."[12] For example, if infringement is alleged in France and Germany, whose copyright laws are then proposed to govern liability, infringement is to be characterized in terms of the rights recognized in the French and German copyright laws, respectively. This *lex causae* method will serve as our starting point here, most importantly because it brings to judicial attention the diverse terms of the laws that are invoked as bearing on a case.[13] It thus prompts a court to interpret these laws — to ask how and why they should work in the case at bar — in order to better focus on possible conflicts of laws. Often enough, such interpretation calls for reading the possibly conflicting laws in the light of their underlying policy rationales.[14]

The comparative method may complement the *lex causae* method. In a cross-border case, a court often has foreign laws invoked before it. Each of these laws is normally interpreted in the terms of the larger foreign

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[12] 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 7(3) (1988). If we cite this *Restatement*, it is as a guide to conflicts law that U.S. courts may follow. Nonetheless, U.S. courts, while often citing this *Restatement*, do not always follow it consistently. For example, we shall critique one important U.S. copyright decision that deviates from the *Restatement* methodology. *See infra* text accompanying notes 47-51 and 199-202. The American Law Institute now has a project to consider principles governing the choice of law, as well as jurisdiction and judgments, in the field of intellectual property.

[13] The vexed question of *renvoi* arises here: Does a reference to foreign law in conflicts analysis only include the substantive law, or reach the conflicts law, of a foreign body of law? *Compare* 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 8 (1988) (declining to apply the conflicts law within such "local law" as a court may choose to apply, except in very rare and exceptional cases), *with* MAJOROS, *supra* note 9, at 108-09 (explaining that Continental European approaches are divided on point). In the field of copyright, the answer is simple for all jurisdictions: To the extent that the Berne/TRIPs regime determines basic principles dispositive of conflicts approaches, it moots issues of *renvoi*. *See* ANDRÉ LUCAS & HENRI-JACQUES LUCAS, TRAITÉ DE LA PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE 888 (2d ed. 2001). *Cf.* JAMES J. FAWCETT & PAUL TORREMANS, INTELLECTUAL PROPERTY AND PRIVATE INTERNATIONAL LAW 469 (1998) (coming to the same conclusion, albeit by a different analysis).

[14] *See* Brainerd Currie, *Notes on Methods and Objectives in the Conflict of Laws* (1959 DUKE L.J. 171) [hereinafter Currie, *Notes on Methods*], *in* SELECTED ESSAYS ON THE CONFLICT OF LAWS 177, 183-84 (1963). *See also* Albert A. Ehrenzweig, *Characterization in the Conflict of Laws: An Unwelcome Addition to American Doctrine*, *in* XXTH CENTURY COMPARATIVE AND CONFLICTS LAW: LEGAL ESSAYS IN HONOR OF HESSEL E. YNTEMA 395 (Kurt H. Nadelmann et al. eds., 1961) [hereinafter XXTH CENTURY COMPARATIVE AND CONFLICTS LAW] (explaining approaches to characterization in U.S. conflicts jurisprudence).

body of law in which it has developed.[15] However, in many cross-border cases, it may be possible to construe applicable laws in common terms, rather than having to consider a grand variety of diversely formulated legal systems. Whenever possible, the comparative method characterizes issues in such common terms as can be drawn from an overview of all the laws arguably applicable to the case at bar, whether these are foreign or home laws. A court may then use such common terms to make the issues and facts before it "referable indifferently to foreign as well as to [the] domestic substantive law" of the forum.[16]

In the field of copyright, the Berne Convention and sequel treaties have facilitated this task by requiring treaty countries to accord a growing panoply of minimum rights. For example, the Berne Convention has assured, *inter alia*, rights of translation, of reproduction and adaptation, and of performance, broadcasting, and other forms of communication to the public.[17] Minimum rights have been formulated in a kind of copyright *lingua franca* that provides the courts with common terms for characterizing issues in the field.[18] Focusing on such common terms will also help to structure conflicts analyses in line with international policies.[19]

2. Is the Issue Subject to a True or False Conflict?

U.S. conflicts analysis has developed a method for disentangling *true* from *false* conflicts of laws.[20] This method prompts the courts to look behind the verbal tenor of arguably conflicting laws and to focus on the concrete results to which these laws lead. Generally speaking, there is a true conflict if the court must choose between conflicting laws because, in the case at bar, the policies respectively motivating these laws compel reaching different results. A false conflict is said to arise if the court need not choose between the different laws invoked in a case to the extent that

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[15] *See* KURT LIPSTEIN, PRINCIPLES OF THE CONFLICT OF LAWS, NATIONAL AND INTERNATIONAL 95-98 (1981).

[16] 1 RABEL, *supra* note 8, at 54-56. *See also* GERHARD KEGEL, INTERNATIONALES PRIVATRECHT 208-15 (6th ed. 1987) (adopting Rabel's "breakthrough" because it allows conflicts analysis to become independent both of *lex fori* and, progressively, of *lex causae*).

[17] For these rights, see Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, as last revised at Paris, July 24, 1971, arts. 6*bis*-16 *passim*, 828 U.N.T.S. 221 [hereinafter Berne Convention].

[18] For the origins and early extension of minimum rights, see 1 STEPHEN P. LADAS, THE INTERNATIONAL PROTECTION OF LITERARY AND ARTISTIC PROPERTY 184-89, chs. 8-11 *passim* (1938).

[19] For the role of policy in conflicts analysis, see *infra* Part II.B. For key references to such policies, see *infra* Parts III.B.1 and IV.B.3. For a critical analysis, see *infra* Part V.A.

[20] For the seminal analysis, see Currie, *Notes on Methods*, *supra* note 14, at 181-84.

these laws, read in the light of their policies, need not lead to different results. For example, there is no true conflict, but rather only a false conflict, where the laws invoked, whatever their underlying policies, compel reaching the same result in the case at bar.[21]

The notions of true and false conflicts have been elaborated in the cases and commentary.[22] We shall limit ourselves to unpacking and applying these notions in cross-border copyright cases. For example, we shall later explain how diverse copyright laws differently define the term "author" for the purposes of some cases but not for others.[23] In the former cases, true conflicts must be resolved; in the latter, only false conflicts arise, and any definition of the term "author" shared by arguably applicable laws may be followed. As just noted, the Berne Convention and subsequent treaties have provided for minimum rights, and most countries have implemented such rights in domestic legislation.[24] Even absent such implementation, the courts in most countries may directly apply these minimum rights to treaty claimants.[25] Thus, on many but not all points, thanks to minimum rights, copyright laws do converge worldwide. As a result, there are often false conflicts in the field.

There is a class of conflicts that courts can make false by exercising discretion. A court often exercises discretion in applying its own procedures, notably in equitably fashioning relief. In so doing, the court may sometimes reconcile substantively diverging laws that conflicts analysis has to consider.[26] That is, a court may craft a remedy to accommodate the policies that motivate diverse and ostensibly conflicting laws invoked to govern a case.[27] For example, an injunction of blatant piracy, notably of marketing slavish copies of an entire protected work without authorization, normally lies under the most diverse copyright laws, whatever their varying tenors. We shall further illustrate this equitable approach below, as we consider infringement and then ownership issues.[28]

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21 For further analysis, see DAVID F. CAVERS, THE CHOICE-OF-LAW PROCESS 89-90 (1965).

22 For an overview, see Peter Kay Weston, *False Conflicts*, 55 CAL. L. REV. 74, 76-78 (1967).

23 *See infra* text accompanying notes 195-229 *passim*.

24 *See supra* text accompanying notes 17-18.

25 *See* WILHELM NORDEMANN ET AL., INTERNATIONAL COPYRIGHT AND NEIGHBORING RIGHTS LAW: COMMENTARY WITH SPECIAL EMPHASIS ON THE EUROPEAN COMMUNITY 15-19, 20-23, 27-29 (R. Livingston trans., 1990).

26 For further analysis, see OLUSOJI ELIAS, JUDICIAL REMEDIES IN THE CONFLICT OF LAWS, chs. 1-3 *passim* (2001).

27 *Cf.* CAVERS, *supra* note 21, at 64 (speaking of "a reasonable accommodation of the laws' conflicting purposes").

28 *See infra* text accompanying notes 132-35, 168-72, 227-29, 290-302, and 313.

B. Do Policies or Categorical Rules Control Conflicts of Laws?

Black-letter law seems to make lawyering and judging easier. However, in the United States, no such law uniformly governs conflicts of laws.[29] In many civil law jurisdictions, codified rules govern conflicts of laws, but these rules are often subject to a variety of caveats and exceptions.[30] Indeed, in many cross-border cases, no matter where these are filed, policies may be invoked to trump categorical choice-of-law rules. In Part II.B.1, we shall survey methods available for handling tensions between policies and such rules. In Part II.B.2, we shall see how, in copyright cases, these methods have us look to treaty principles.

1. Beyond Mixed Approaches in the Cases: the Treaties

Conflicts of laws raise the following question of method: Should the courts follow a policy-based, multi-factor analysis on a case-by-case basis? Or should the courts apply a categorical rule the same way across a range of more or less variable cases? The stakes of this option are important: on the one hand, adapting the law to a complex reality for the sake of optimizing policies; on the other hand, saving time and energy by imposing a categorical rule on that reality with predictable reliability. In the United States, there has been a growing realization that a policy-based conflicts approach is not necessarily always more complex, or less reliable, than applying categorical choice-of-law rules.[31]

While the policy-based and rule-based approaches to conflicts of laws differ in theory, courts follow a mix of approaches in practice. Whether, and when, courts effectively lean toward following one approach or the

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[29] *See generally* Klaxon Co. v. Stentor Elec. Mfg. Co. of N. Am., 313 U.S. 487 (1941) (holding that, in a diversity case, the conflicts law of the forum state governs). *Cf.* 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 10 (1988) (stressing that courts usually, but not always, approach interstate conflicts and international conflicts similarly). *But cf.* Bickel v. Korean Air Lines Co., 83 F.3d 127, 130-31 (6th Cir. 1996) (not applying the conflicts law of the forum state, but rather the *Restatement* approach, where it was a matter of a federal treaty). *See also* Graeme B. Dinwoodie, *A New Copyright Order: Why National Courts Should Create Global Norms*, 149 U. PA. L. REV. 469, 545-46 (2000) [hereinafter Dinwoodie, *A New Copyright Order*] (stressing federal concerns in cross-border cases).

[30] *See, e.g.*, Paul Edward Geller, Book Review, *Le nouveau droit international privé suisse*, 38 AM. J. COMP. L. 409 (1990) (explaining how Switzerland, sitting astride Germanic and Latin legal cultures, enacted a conflicts code with escape clauses that allow courts to by-pass its categorical rules by referring to policies).

[31] *See generally* Currie, *Notes on Methods*, *supra* note 14, at 180-81 (noting that categorical rules may be applied "capriciously" through "escape devices," "disingenuous characterization," "manipulating the connecting factor," etc.). For examples, see *infra* note 41 and Part III.A.

other depends on considerations that vary from case to case. For example, U.S. courts may find it useful, sometimes indispensable, to take account of the policies motivating laws in conflict, especially if they have to adapt "old rules to new border-line cases."[32] By contrast, foreign courts, especially those following the tradition of the civil law, are more often bound to apply categorical choice-of-law rules, unless public policy — in Continental European terms, *ordre public* or a like mandatory consideration — justifies deviating from such rules.[33] Courts rely on differently formulated doctrines in resolving tensions between policies and rules in conflicts cases, and counsel would do well to use locally appealing doctrinal terms in arguing for this or that choice of law. We, however, shall not unpack general conflicts doctrines here, but rather proceed to the basis on which courts may best choose laws in copyright cases.

The *Second Restatement of Conflict of Laws* pulls together choice-of-law criteria within U.S. common law.[34] Among its general criteria, section 6 of the *Restatement* refers first to "the needs of the interstate and international systems," inviting a court to ask whether a proposed choice of law serves such needs.[35] This criterion enables U.S. courts to take account of considerations that civil law courts address under the rubric of *ordre public international*, that is, compelling public policies that operate globally in a given field of law. The "international system" in the field of copyright today, its *ordre public international*, consists of the Berne Convention which is now, most importantly, supplemented in the TRIPs Agreement.[36] This treaty regime binds over a hundred jurisdictions that, whatever their competing policies on national levels, have to follow certain principles in their copyright relations with each other. It then behooves us to ask whether, and how, these binding principles may constrain the resolution of conflicts of laws in the field.

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[32] Moffatt Hancock, *Three Approaches to the Choice-of-Law Problem: the Classificatory, the Functional and the Result-Selective*, *in* XXTH CENTURY COMPARATIVE AND CONFLICTS LAW, *supra* note 14, at 365, 378.

[33] *See generally* Thomas G. Guedj, *The Theory of the* Lois de Police, *A Functional Trend in Continental Private International Law — A Comparative Analysis with Modern American Theories*, 39 AM. J. COMP. L. 661 (1991) (comparing U.S. and Continental European conflicts analyses with regard to policy-based criteria for resolving conflicts of law).

[34] *See* 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 5 (1988).

[35] *Id.* § 6(2)(a).

[36] Berne Convention, *supra* note 17; Agreement on Trade-Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods, Apr. 15, 1994, GATT Doc. MTN/FA II-A1C, 33 I.L.M. 81 (1994) [hereinafter TRIPs Agreement].

2. Taking Account of "the International [Copyright] System"

Some U.S. case law already expressly defers to the treaty regime in considering whether to apply U.S. copyright law or, by implication, foreign copyright laws to cross-border cases.[37] Nonetheless, we have to reconfirm this crucial reference here, if only because one prestigious U.S. court has introduced some confusion into the jurisprudence by drawing a distinction between treaty principles, notably national treatment, and conflicts analysis in copyright cases.[38] This distinction is misleading, if not dangerous, in that it invites counsel and the courts to lose sight of the treaty regime that bears on the choice of laws in such cases. After we elaborate a framework for considering treaty principles in the field of copyright, we shall briefly critique the misleading case law in question. Under the subsequent subtopic, we shall proceed to a more appropriate conflicts analysis of copyright cases.[39]

If the theoretical distinction between treaty principles and conflicts analysis made any difference in practice, the entire system of international copyright would be at risk. As already indicated, outside the field of copyright, approaches to resolving conflicts of laws differ: for example, U.S. courts may freely look to policies, while civil law courts tend to apply categorical choice-of-law rules that are only exceptionally subject to policy considerations.[40] If courts did not follow relevant principles in fields where treaties set such principles out, they could heed their own idiosyn-

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[37] *See, e.g.*, Subafilms, Ltd. v. MGM-Pathe Communications Co., 24 F.3d 1088, 1097-99 (9th Cir. 1994) (en banc) (invoking the needs for "effective and harmonious copyright laws among all nations" and for a "stable international intellectual property regime" and the policy of holding to Berne principles to avoid "difficult choice-of-law problems") (discussed *infra* text accompanying notes 144-45), *cert. denied*, 513 U.S. 1001 (1994). *But cf.* Curb v. MCA Records, 898 F. Supp. 586, 595-96 (M.D. Tenn. 1995) (critiquing *Subafilms* while citing ostensible needs of the international system). This Writer, cited in both of these decisions, here follows the approach of *Subafilms* on the whole and deviates from *Curb* in certain details.

[38] Itar-Tass Russian News Agency v. Russian Kurier, Inc., 153 F.3d 82 (2d Cir. 1998) (discussed *infra* text accompanying notes 47-51 and 199-201 and notes 194 and 207). Having questioned this distinction here, at the threshold of analysis, we shall have repeated occasions to critique it in different contexts below. *See infra* text accompanying notes 40-58 *passim*, 109-19 *passim*, 136-38, and 165-67, and note 352.

[39] *See infra* Part II.C.

[40] *See supra* text accompanying notes 29-33. *See generally* 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS, ch. 7, topic 1, Introductory Note, 412-13 (1988) (explaining these different approaches from the U.S. point of view). *See also* Geller, *Conflicts of Laws in Cyberspace*, *supra* note 2, at 104-07 (giving a brief overview of seminal conflicts doctrines in the United States and Continental Europe).

cratic conflicts approaches and end up vacillating in choosing laws.[41] To repeat our basic point: if a field, such as copyright, has a treaty-governed "international system," an *ordre public international*, such as the Berne/TRIPs regime, then the principles of that system, to the extent relevant to choice of law, must serve as binding constraints on conflicts analysis in the field.[42] In terms of the *Second Restatement of Conflict of Laws*, reading treaty commitments into the first criterion of section 6(2)(a), "the needs of the . . . international system," helps to meet other criteria of section 6. Because it is anchored in treaty principles, this approach enhances the "certainty, predictability and uniformity of results."[43]

The *Restatement* framework sets up two levels of conflicts analysis. We have already indicated that, at a first level, section 6(2)(a) of the *Restatement* sets out a number of criteria for generally resolving conflicts of law, the first being "the needs of the . . . international system."[44] The second level of analysis of the *Restatement* is found in provisions regarding specific areas of law, for example, in section 145(1), regarding the choice of laws to govern torts issues, and in section 222, regarding the choice of laws to govern ownership issues. In such instances, the *Restatement* proposes to choose the "local law" of the jurisdiction which, with respect to

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[41] Some commentators speculate about varying permutations of "significant relationships" or "connecting factors" on which, were treaty principles somehow short-circuited, the choice of copyright laws might turn. For examples, see MIREILLE VAN EECHOUD, CHOICE OF LAW IN COPYRIGHT AND RELATED RIGHTS: ALTERNATIVES TO THE LEX PROTECTIONIS (2003); François Dessemontet, *Conflict of Laws for Intellectual Property in Cyberspace*, 18 J. INT'L ARB. 487 (2001) [hereinafter Dessemontet, *Conflict of Laws*]; Haimo Schack, *Internationale Urheber-, Marken- und Wettbewerbsrechtsverletzungen im Internet: Internationales Privatrecht*, 2000 MULTIMEDIA U. RECHT 59; Jane C. Ginsburg, *Private International Law Aspects of the Protection of Works and Objects of Related Rights Transmitted over Digital Networks (2000 update)* [hereinafter Ginsburg, *Digital Networks (2000 update)*], *in* WIPO Forum on Private International Law and Intellectual Property, WIPO Doc. PIL/01/2, Dec. 18, 2000, *available at* http://www.wipo.int/pil-forum/en/documents/doc/pil_01_2.doc (last visited Jan. 6, 2004). Other commentators consider this theoretical approach but are reluctant to follow it out to its uncertain practical consequences. For examples, see LUCAS & LUCAS, *supra* note 13, at 865-95 *passim*; FAWCETT & TORREMANS, *supra* note 13, at 460-75 *passim*. For a specific contrast with the approach taken here, see *infra* text accompanying notes 166-67.

[42] *Cf.* LIPSTEIN, *supra* note 15, at 66 (indicating that treaty obligations may limit judges in weighing competing national visions of relevant policies to resolve conflicts of laws).

[43] 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 6, cmt. on Subsection (2), at 13 (1988). *Cf.* Mathias Reimann, *A New Restatement — For the International Age*, 75 IND. L.J. 575, 579-86 *passim* (2000) (regarding the *Restatement* approach as it applies to cross-border matters).

[44] *See supra* text accompanying notes 35-36.

the issue in question, has the "most significant relationship" to the ultimate facts of the case, but this relationship is to be determined "*under the principles stated in*" [italics added] section 6.[45] Thus, in resolving conflicts of laws in cross-border cases under the *Restatement*, U.S. courts are directed to attend to any relevant "international system" at the first level of analysis, in order to guide focusing on any arguable "significant relationship" adumbrated at the second level of analysis. Following the *Restatement* analysis in cross-border copyright cases, the courts should then take account of the relevant system, that is, the Berne/TRIPs regime, which the United States has implemented in the Copyright Act.[46]

Unfortunately, in the United States, "too many judges never actually *get to*" section 6 of the *Second Restatement*.[47] The Second Circuit provides an example: in the *Itar-Tass* case, copyright in works initially created and published in Russia had been allegedly infringed in the United States, and claimant's standing, its very ability to exercise copyright, had been challenged.[48] Had the court started at section 6 and fully attended to the "international system" at the first level of the *Restatement* analysis, it would have seen that the Berne/TRIPs regime makes the "enjoyment and exercise" of copyright "independent of the existence of protection in the country of origin of the work."[49] Only by short-circuiting this regime and looking only to section 222 at the second level of the *Restatement* analysis could the court have declared that "Russian law determines the . . . essential nature of the copyrights alleged to have been infringed" in the United States.[50] Following such broad language in the *Itar-Tass* decision, the

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[45] 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS §§ 145, 222 (1988).

[46] *Cf.* 1 RESTATEMENT (THIRD) OF FOREIGN RELATIONS §§ 111, 114 (1987) (confirming the primacy of treaties in construing U.S. laws to avoid clashes with treaties).

[47] Louise Weinberg, *A Structural Revision of the Conflicts Restatement*, 75 IND. L.J. 475, 488 (2000).

[48] Itar-Tass Russian News Agency v. Russian Kurier, Inc., 153 F.3d 82 (2d Cir. 1998).

[49] Berne Convention, *supra* note 17, art. 5(2). For further discussion, see EUGEN ULMER, INTELLECTUAL PROPERTY RIGHTS AND THE CONFLICT OF LAWS 7-9 (1978) [hereinafter ULMER, CONFLICT OF LAWS]; ALOIS TROLLER, DAS INTERNATIONALE PRIVAT- UND ZIVILPROZEßRECHT IM GEWERBLICHEN RECHTSSCHUTZ UND URHEBERRECHT 48-67 *passim* (1952).

[50] *Itar-Tass*, 153 F.3d at 84. The Second Circuit did pay lip-service to the Berne/TRIPs regime. *Id.* at 90-91. Nonetheless, the net effect of its analysis, which never systematically applied section 6 of the *Second Restatement*, was to truncate any full consideration of the relevant "international system." *Cf.* Dinwoodie, *A New Copyright Order*, *supra* note 29, at 536 (critiquing this decision as "using nothing more than a barren listing of points of attachment"); 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 17.05[B] (2003) [hereinafter NIMMER ON COPYRIGHT] ("To some extent, the court acknowledged the hornet's nest that it was producing.").

Southern District of New York, in the *Bridgeman* case, vacillated between applying British or U.S. copyright law to photographs originating in the United Kingdom but allegedly infringed in the United States.[51] For the moment, we shall postpone further critical analysis of the *Itar-Tass* decision and turn rather to conflicts analysis in which the Berne/TRIPs regime more consistently guides the choice of law.[52]

C. *Applying Treaty Principles to Copyright Conflicts*

A key principle of the Berne/TRIPs regime, national treatment, compels governing infringement claims by the law of the country where infringement is alleged as occurring. At first blush, this proposition may seem obvious; however, in Part II.C.1, we shall clarify its grounds, if only because, as just noted, recent U.S. case law has muddled matters.[53] Further, it is also important to understand just how generally this principle controls the choice of law in cross-border copyright cases. In Part II.C.2, we shall see how it comes into play when a home court has to consider infringement taking place abroad.

1. *Key Principle: The Law of the Protecting Country*

Consider more closely the role of national treatment in the "international system" of copyright. Assume that a work qualifies for protection, say, under a treaty such as the Berne Convention. This work either has an author who is a national of a treaty country, or it satisfies some other treaty criterion of eligibility, such as first publication in a treaty country. The principle of national treatment then requires any treaty country, usually called the *protecting country*, to treat the copyright claims of any foreign author of such a protected work as if this claimant were one of its own nationals.[54] For example, China has to treat a French author of such a protected work like a Chinese author with regard to copyright exercised

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[51] *Compare* Bridgeman Art Library, Ltd. v. Corel Corp., 25 F. Supp. 2d 421 (S.D.N.Y. 1998), *with id.*, 36 F. Supp. 2d 191, 195-96 (S.D.N.Y. 1999). *Cf.* Silberman v. Innovation Luggage, Inc., 67 U.S.P.Q.2d 1489 (S.D.N.Y. 2003) ("the infringement of the Swiss compilation copyright under United States law depends upon the contours of that right under Swiss law.").

[52] Later, we shall consider how the *Itar-Tass* decision has skewed characterization and the choice of laws applicable to issues of standing, authorship, and ownership. *See infra* text accompanying notes 199-201 and notes 194 and 207.

[53] *See supra* text accompanying notes 47-51.

[54] *See* Berne Convention, *supra* note 17, arts. 3-5; TRIPs Agreement, *supra* note 36, arts. 1(3), 3(1). For analysis of eligibility criteria, see Paul Edward Geller, *International Copyright: An Introduction* § 4[2], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1; for analysis of national treatment, see *id.* § 5[4][b].

in China, and France has to treat a Chinese author of such a protected work like a French author as regards copyright in France.[55]

The default position of a national author is simple. Domestic law governs her copyright claims in any case of infringement at home. Suppose, now, that a foreign author asserts treaty-based claims for infringement occurring in a treaty country. At this point, the principle of national treatment of the Berne/TRIPs regime constrains the choice of copyright laws applicable to these claims. To assure that national and foreign authors are treated alike, the court has to apply the domestic law of the treaty country, that is, of the protecting country, to the foreign author's claims.[56] Now, logically, the principle of national treatment, taken out of the context of the Berne/TRIPs regime, does not preclude governing that author's claims by a law more favorable than that of the protecting country. But this logic misses the point of national treatment, which compels subjecting both the national and foreign authors' claims alike to all the rights, as well as to all the limitations and exceptions, for which the copyright law of the protecting country provides. As suggested above and explained below, the reliability of the Berne/TRIPs regime, as well as the global balance that it maintains between copyright laws, precludes picking and choosing more or less favorable national laws on this or that issue or in this or that case.[57] Any such piece-meal solution runs the risk of exporting, helter-skelter, the copyright policies of more protective countries into less protective countries, or *vice versa*. Thus national treatment leads to applying the entire copyright law of the protecting country to govern infringement alleged as taking place in that country. Within that perspective, an approach to localizing the place of infringement will be elaborated below.[58]

Before detailing this approach, let us digress a moment to dispose of some counter-arguments. One could invoke treaty exceptions to national treatment; however, to the extent such exceptions are limited by their own terms, they cannot change the analysis just set out. Such exceptions as allow for cut-backs in national treatment apply only in the cases that the treaty provisions specify for these exceptions, and not beyond these spe-

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[55] Note that, where an E.C. claimant asserts copyright or related rights in an E.C. country, the E.C. Treaty assures national treatment. *See* Joined Cases C-92/92 & C-326/92, Phil Collins v. Imtrat Handelsgesellschaft mbH, 1993 E.C.R. I-5145.

[56] *See* SAM RICKETSON, THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS: 1886–1986, at 193-94 (1987); ULMER, CONFLICT OF LAWS, *supra* note 49, at 9-12.

[57] *See supra* text accompanying notes 41-51 *passim* and *infra* text accompanying notes 65-66, 109-19 *passim*, 136-38, 165-67, and note 352.

[58] *See infra* Part III.B.1.

cial cases.[59] Most importantly, the Berne provision for the rule of the shorter term, which may cut back the term of copyright to the "measuring term" fixed in the country of origin, expressly reconfirms that the applicable law remains "the legislation of the country where protection is claimed."[60] By contrast, the treaty exceptions bolstering national treatment, effectively standards for minimum rights, tend to make results more uniform among countries, thus mooting conflicts of laws.[61] In fact, most countries statutorily implement minimum rights for both domestic and foreign claimants, so that national treatment in most cases results in the application of minimum rights.[62] The Berne/TRIPs regime then provides no excuse for complicating its otherwise simple principle: the law of the protecting country applies to the infringement of copyright.[63]

2. Raising Foreign-Based Claims in a Home Court

The foregoing analysis is confirmed in the increasingly frequent cases where the forum country and the protecting country are not identical. A copyright claimant may well bring suit in a court in one country, for example, the country where the alleged infringer is domiciled or headquartered and therefore easily enjoined, while claiming protection in another country or other countries. Wherever a copyright suit is filed and pursued, the conflicts law of the forum is subject to the considerations just raised of the "international system," that is, in civil law terms, of *ordre public international*. Thus, in the field of copyright, a court, faced with infringement abroad, should choose between conflicting laws consistently with the Berne/TRIPs regime, that is, pursuant to national treatment.[64]

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[59] For analysis of these exceptions, see Paul Edward Geller, *International Copyright: An Introduction* §§ 4[1][c][i][A], 5[2], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

[60] Berne Convention, *supra* note 17, art. 7(8).

[61] *See supra* text accompanying notes 17-25.

[62] Note that, in implementing the Berne ban on formalities, the United States instituted some of the only rare exceptions to this observation. *See, e.g.*, Eric Schwartz, *United States* §§ 5[3][a], 6[4], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining the exemption of some foreign claimants from registration prerequisites and the restoration of copyright in qualifying foreign works).

[63] It is even necessary to take account of the principle of national treatment in analyzing conflicts of laws with regard to ownership issues that may, as explained below, also be subject to differently grounded conflicts regimes. *See infra* text accompanying notes 200-10, 233-41, 274-77, 294, and 327.

[64] *See, e.g.*, Herscovici c. Sté. Karla et Sté. Krizia, TGI (Court of First Instance), Paris (France), May 23, 1990, 146 REVUE INTERNATIONALE DU DROIT D'AUTEUR [RIDA] 325 (1990) (reasoning that the Berne principle of national treatment compelled applying the law of the countries where in-

Underlying policies confirm this approach. The Berne/TRIPs regime is intended to enhance the international conditions of protecting and exploiting works.[65] The principle of national treatment addresses differences among national laws that, representing diverse policy compromises, vary from country to country. National treatment assures stability among decisions in that it requires the law of any one protecting country to apply to domestic and foreign authors' claims alike, subject to the same defenses. It leads to applying different national laws, respectively, country by country: each country's copyright law, in its entirety, uniformly governs infringement alleged as taking place on that country's territory. Where suit is brought in the forum of one country for infringement occurring in another, the application of any other law, for example, of forum law, would be "illogical."[66] Thus, even where the suit for copyright infringement is brought in a forum outside the protecting country, the forum is to apply the law of the protecting country.

The Southern District of New York, in the *London Film* case, encountered this question in its most difficult form: Should a court respect the Berne principle of national treatment in its conflicts analysis even where the forum country does not adhere to the Berne Convention? Even though the United States was not a Berne country at the time of the suit, the court considered as a foregone conclusion that, if it took on a case of infringement alleged in various Latin American countries belonging to the Berne Union, it would apply the laws of these countries respectively to the infringement taking place in each of them, as the Berne Convention dictated.[67] The court could only follow Berne principles in choosing laws applicable to infringement in Berne countries if it found such a choice of law consistent with the conflicts law, and accordingly the policies, of the forum.[68] In its jurisdictional analysis, the *London Film* court did refer to

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fringement took place, not merely the law of France, the forum country, but of Italy as well).

65 *See* Berne Convention, *supra* note 17, Preamble (Paris). For further analysis, see *infra* Parts III.B.1 and V.B.

66 HENRI DESBOIS ET AL., LES CONVENTIONS INTERNATIONALES DU DROIT D'AUTEUR ET DES DROITS VOISINS 153 (1976). *See also* Georges Koumantos, *Private International Law and the Berne Convention*, 1988 COPYRIGHT 415, 417 ("it would be against the letter and spirit of the Berne Convention" to apply only the *lex fori* in a suit for infringement outside the protecting country).

67 London Film Prods., Ltd. v. Intercontinental Communications, Inc., 580 F. Supp. 47 (S.D.N.Y. 1984). The Universal Copyright Convention, binding on the United States and some of the Latin American countries at the time of the case, would have also led to national treatment in these Latin American countries.

68 *See* authorities cited *supra* note 29.

such U.S. forum policies, namely interests directed at securing compliance with the pertinent system of laws enforceable worldwide.[69]

The *London Film* decision teaches us that, if the prerequisites for jurisdiction are met, suit may be brought in a U.S. federal court for infringement alleged as taking place in countries abroad. In the event of such a suit, the court appropriately resolves conflicts of laws by applying the law of each of these countries to infringement localized in that country.[70] Such suits may be possible in foreign courts as well, although the conditions of jurisdiction tend to vary in different legal systems. Nonetheless the law of the protecting country should still apply.[71]

III. INFRINGEMENT: ANALYSIS AT EACH STAGE OF SUIT

As just explained, the law of the protecting country, where infringement is alleged as occurring, should govern infringement issues.[72] However simple it may be, this principle can call for subtlety in application, and one should always ask: Where might infringement take place or have taken place? Unless infringement is carefully localized, there are the risks either of letting claims fall between territorial cracks or of extraterritorially applying laws.[73] Part III.A below will introduce a method for counsel to minimize the first risk; Part III.B will amplify this method to help the courts avoid the second risk; and Part III.C will apply the method to hard cases.

A. Pleading: Mapping Colorable Infringement

We propose a simple tool at the threshold of a cross-border case: Trace all colorably infringing transactions out on a world map. Such mapping will help to identify all the countries whose laws may arguably be

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[69] *See London Film*, 580 F. Supp. at 49-50. *Cf.* Graeme B. Dinwoodie, *Affirmation of Territorial Limits of U.S. Copyright Protection: Two Recent Decisions*, 14 EUR. INTELL. PROP. REV. [E.I.P.R.] 136 (1992) (noting that the *London Film* decision "did not offend, and perhaps even fostered, comity").

[70] *See, e.g.*, Armstrong v. Virgin Records, Ltd., 91 F. Supp. 2d 628, 637 (S.D.N.Y. 2000) (contemplating trying cross-border infringement "claims arising under foreign law[s]"). For bases of U.S. federal jurisdiction, see *supra* note 4.

[71] *See, e.g.*, SISRO c. Sté. Ampersand Software, Cass. civ. I (Supreme Court) (France), Mar. 5, 2002, JCP 2002 II, 10082, 994, *in English translation in* 34 INT'L REV. INDUS. PROP. & COPR. L. [I.I.C.] 701 (2003) (invoking Berne national treatment as the basis for applying other countries' laws to infringing acts respectively taking place in these countries). *Cf.* CA (Intermediate Court), 4e ch., Paris, Feb. 8, 2002, Expertises 2002, 230 (discussed *infra* text accompanying note 146).

[72] *See supra* Part II.C.

[73] For more extensive analysis, see Paul Edward Geller, *International Copyright: An Introduction* § 3[1][b], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

invoked as the bases for infringement claims.[74] Indeed, the failure to plead the copyright law of each country impacted by the transactions at issue may preclude a claimant from relying on this law at a later stage of suit.[75] Part III.A.1 will explain mapping infringement by looking at U.S. case law. Part III.A.2 will illustrate using this tool from a comparative point of view.

1. Don't Let Claims Fall Through the Cracks!

It has become increasingly difficult to localize infringement as the media have progressed.[76] In the past, courts easily spotted where hard copies were marketed or live performances staged, on one side or the other of clear-cut borders, inside a patchwork of national markets. With the growing power of the media, protected materials are so rapidly and broadly disseminated across borders that infringing acts can occur in many places in rapid succession or all at once, for example, across a globally networked marketplace. Nonetheless, because rights still arise country by country, media transactions have to be traced across a patchwork of jurisdictions to localize infringement.[77]

How to give concrete meaning to the key notion here: the place of infringement? In doing so, counsel and the courts effectively start to characterize infringement itself.[78] In this regard, the case law has erratically localized infringement in cross-border cases. Sometimes courts have found infringement in initiating acts like the making of hard copies or the sending of telecommunication signals that carry works. Sometimes they have found infringement in intermediate acts like the importing of such copies or the relaying of such signals, and sometimes they have found infringement in consummating acts like the sales of copies or the furnishing of access to signals.[79] Later we shall elaborate an approach to localizing

[74] For foreign laws, translated into English where originally formulated in other languages, see WIPO, Collection of Laws for Electronic Access, *at* http://clea.wipo.int (last visited Jan. 6, 2004).

[75] *See, e.g.*, Mother Bertha Music, Ltd. v. Bourne Music, Ltd., [1997] Ent. & Media Law Rep. [E.M.L.R.] 457 (Ch. 1997) (U.K.), *with extracts in* 29 I.I.C. 612 (1998) (refusing to consider whether there was infringement in many European countries because the claimant had failed to plead the copyright laws of these countries).

[76] For a seminal analysis, see TROLLER, *supra* note 49, at 31-34.

[77] *Cf.* Paul Edward Geller, *From Patchwork to Network: Strategies for International Intellectual Property in Flux*, 9 DUKE J. INT'L & COMP. L. 69 (1998), 31 VAND. J. TRANSNAT'L L. 553 (1998) (analyzing the persistence of patchwork law in a networked world).

[78] For the methods of characterization generally, see *supra* Part II.A.1.

[79] This ambiguity has arisen out of the categorical approach to conflicts of laws which has artificially sliced up tortious transactions into acts generating damages, direct and indirect damages, etc. For examples, see the E.C. Pro-

infringement that should make findings on point more consistent both among themselves and with international policies.[80] To start, let us examine the state of the law, such as it is.

Consider this illustrative U.S. case. The Los Angeles News Service took videos of the Los Angeles riots of 1992. The videos were transmitted to news agencies in New York which, without authorization, copied them there and retransmitted them abroad, most notably for televising in Europe.[81] The trial court, after finding that the unauthorized copies made in New York were infringing in the United States, suggested that retransmission was only infringing upon reception abroad.[82] By contrast, the appellate court next held that, if unauthorized copies were made in the United States, then compensatory relief could be awarded under U.S. law for exploitation abroad, as if the exploitation abroad had taken place at home.[83] Finally, in another twist, the appellate court limited what the claimant could collect for the foreign exploitation after failing to plead foreign laws.[84]

Counsel may draw one lesson here: Do not waive claims or remedies by failing to localize and plead all colorable infringement. In the *Los Angeles News* case, had the claimant mapped out all colorable infringement, it would have been led across the Atlantic, where the videos were transmitted and to be received. If, in its pleadings, the claimant had invoked the laws effective abroad, it would not have reduced its options for obtaining monetary awards.[85] Hence the need to look beyond forum law in a cross-border case, leading us to comparative analysis.

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posal for a Regulation of the European Parliament and the Council on the Law Applicable to Non-Contractual Obligations ("Rome II"), Commission document COM(2003) 427 final (July 22, 2003), at 4-6, 11-12, 20-21, *available at* http://europa.eu.int/eur-lex/en/com/pdf/2003/com2003_0427en01.pdf (last visited Jan. 6, 2004).

[80] *See infra* Part III.B.1.

[81] Los Angeles News Serv. v. Reuters Television Int'l, 942 F. Supp. 1265, 1269-71 (C.D. Cal. 1996).

[82] *Id.* at 1269 (stating that the plaintiff "can seek a remedy . . . under the applicable foreign law" for televising the videos abroad, notably in Europe).

[83] *Id.*, 149 F.3d 987, 991-93 (9th Cir. 1998), *cert. denied*, 525 U.S. 1141 (1999).

[84] *Id.*, 340 F.3d 926 (9th Cir. 2003) (disallowing actual damages in countries whose laws were not referenced in the pleadings).

[85] Why, in the *Los Angeles News* case, did the holdings vacillate so? The trial court followed newer U.S. precedents on point. *See* Subafilms, Ltd. v. MGM-Pathe Communications Co., 24 F.3d 1088, 1094-99 (9th Cir. 1994) (en banc) (discussed *infra* text accompanying notes 144-45), *cert. denied*, 513 U.S. 1001 (1994). The appellate court harkened back to an older U.S. precedent and then retrenched on this precedent. *See* Sheldon v. Metro-Goldwyn Pictures Corp., 106 F.2d 45, 52 (2d Cir. 1939) (critiqued *infra* text accompanying notes 147-49).

2. Examples of How Localization Can Vary

Counsel in a cross-border copyright case is well advised to look to the copyright laws effective in any and all territories impacted by any colorably infringing transaction.[86] All the issues on which protection could turn may prove arguably relevant to mapping infringement: these issues concern, *inter alia*, subject matters, the nature or scope of rights, and limitations or exceptions to rights. Within international standards, the tenor of national copyright laws may vary on all such issues, affecting claims and defenses. To illustrate resulting lessons for pleading, we shall here touch on just a few examples from comparative law. After that, we shall propose a method for localizing infringement when different laws are invoked.[87]

Start with subject matters. Counsel may initially focus on a work or other media production. We have already indicated that different rules regarding fixation may determine whether or not a country protects a specific work.[88] More basically, different laws may differently distinguish "works" protected by copyright from related media productions that are protected by neighboring or other copyright-related rights.[89] Return, for example, to the video of news events at issue in the *Los Angeles News* case: depending on whether the video is found to constitute a creative work or a mere recording, one country may protect it by copyright, and another country may protect it by a neighboring right, if at all.[90] Another example is touched on below: database contents may be protected by copyright in some countries, by *sui generis* or related rights in others, or not at all in still others.[91] Thus, if confronted by a subject matter that falls into the penumbra of copyright, counsel should ask whether to plead copyright or related rights, or both, from country to country.[92]

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86 *See supra* Part III.A.1.

87 *See infra* Part III.B.1.

88 *See supra* text accompanying notes 10-11.

89 For further analysis, see Paul Edward Geller, *International Copyright: An Introduction* §§ 2[2][c], 4[1][c], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

90 *See supra* text accompanying notes 81-85. *See, e.g.*, Adolf Dietz, *Germany* §§ 6[1][c], 9[1][c], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (indicating that German neighboring rights are accorded only to E.C. or E.E.A. producers of audiovisual productions).

91 *See infra* text accompanying notes 111-13.

92 Sound recordings are a notable example. For further analysis, see Paul Edward Geller, *International Copyright: An Introduction* § 4[1][c][ii], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1. Industrial designs constitute a special problem at the interface between copyright and industrial property. For further analysis, see *id.* § 4[1][c][i][A]; J.H. Reichman, *Design Protection and the New Technologies: The United States Experience in a Transnational Perspective*, 30 INDUS. PROP. (Part I) 220, (Part II) 257 (1991).

Other examples, also taken from comparative law, illustrate the divergence of rights pertinent to deciding where, and on what basis, to seek relief. In a Dutch case, unauthorized copies in sealed containers were transshipped through Aruba, a Dutch jurisdiction, without being made available to the public there, and the Dutch court found no infringement of Dutch copyright.[93] By contrast, in an Indian case, books were imported into India, albeit only for purposes of transit to Nepal where the books were to be sold, and the court held that the mere importation into India warranted seizure of the copies under Indian law.[94] As will be seen below, with regard to satellite-relayed broadcasts, infringing acts are sometimes localized where a broadcast is uplinked to a satellite and sometimes where the work is received.[95] Every time a work or related production crosses a border, counsel has to ask what rights to invoke in the jurisdiction exited, entered, or transited.

Limitations and exceptions to rights tend to differ from country to country. Consider, for example, the so-called first-sale or exhaustion doctrine which limits the distribution right. Broadly speaking, there are three options: domestic exhaustion, when the distribution right no longer applies to a copy after it is first sold at home; regional exhaustion, when the right is extinguished in a copy after a first sale in a specific region such as the European Community; and international exhaustion, triggered by a first sale anywhere in the world.[96] Exceptions to copyright vary even more: for example, fair use is only fully recognized in the United States, while narrower exceptions take on miscellaneous sizes and shapes in different systems.[97] Thus, even where a given act is infringing in any number of countries, counsel has to ask what substantive defenses may apply from one country to the other.

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[93] Supreme Court (Netherlands), Jan. 27, 1995, AMI 1995, no. 4, at 67. This decision arguably did not comply with article 16 of the Berne Convention. For this provision, see *infra* text accompanying note 139.

[94] Grammophone Co. of India, Ltd. v. Pandey, [1985] Fleet St. Rep. [F.S.R.] 136 (Supreme Court 1984) (India), *with excerpts in* 18 I.I.C. 139 (1987).

[95] *See infra* text accompanying notes 159-62.

[96] For the E.C. doctrine, see Ben Smulders, *The Law of the European Community and Copyright* § 2[1], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1. For examples of other approaches, see Brad Sherman, *Australia* § 8[1][b][i][B], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1; François Dessemontet, *Switzerland* § 8[1][b][ii], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1.

[97] For differing laws on point, see the national chapters, particularly § 8[2], *in* INT'L COPR. LAW & PRACTICE, *supra* note 1.

B. Where to Localize Infringement in the Course of Suit?

The foregoing examples illustrate that the "territoriality" of copyright is quite elastic. That is why it is advisable for counsel to trace out any colorably infringing transaction on a world map before deciding which laws to plead.[98] But how is a court to respond when faced with pleadings of multiple laws, some possibly in conflict with others? Part III.B.1 will lay out a theoretical framework for localizing infringing transactions for conflicts purposes. This analysis will then be practically applied, in Part III.B.2, to fashioning provisional injunctive relief and, in Part III.B.3, to granting final monetary awards.

1. Flexible Territoriality versus Extraterritoriality

The commentary disfavors the "extraterritorial" application of "national law" to govern "acts which have taken place abroad."[99] But this position, however correct, begs the very question that a court has to answer at the threshold of a case of cross-border infringement: Where do or would the allegedly infringing acts take place, inside or outside a given country? Until such acts are localized, the court cannot say whether it is to apply forum law, or other laws, to acts "inside" or "outside" its own jurisdiction. We shall here elaborate a method for localizing infringement in cross-border cases.[100]

Recall that the U.S. *Second Restatement of Conflict of Laws* addresses "the needs of the . . . international system," while Continental European doctrine respects *ordre public international*.[101] Both approaches then lead courts to construe key legal notions, such as the place of infringement, consistently with the public policies that motivate the relevant international treaty regime.[102] The Berne Convention posits the overall aim of

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98 *See supra* Part III.A.

99 ULMER, CONFLICT OF LAWS, *supra* note 49, at 10. *See also* Curtis A. Bradley, *Territorial Intellectual Property Rights in an Age of Globalism*, 37 VA. J. INT'L L. 505 (1997) (critiquing the extraterritorial application of U.S. laws).

100 For a more theoretically elaborate form of this approach, see Paul Edward Geller, *International Intellectual Property, Conflicts of Laws, and Internet Remedies*, 22 E.I.P.R. 125 (2000), *in French translation in* 12 CAHIERS PROP. INTELL. [C.P.I.] 227 (1999), *and in German translation in* 2000 GEWERBLICHER RECHTSSCHUTZ U. URHEBERRECHT [GRUR] — INTERNATIONALER TEIL [INT.] 659.

101 *See supra* text accompanying notes 35-46 *passim*.

102 *See generally* IAN BROWNLIE, PRINCIPLES OF INTERNATIONAL LAW 36 (4th ed. 1990) ("there is a general duty to bring internal law into conformity with obligations under international law"); MAJOROS, *supra* note 9, at 14-17 (arguing in favor of interpreting and prioritizing laws and treaties consistently with optimizing their aims). *See also* Paul Edward Geller, *International Copyright: An Introduction* § 3[4][a], *in* 1 INT'L COPR. LAW & PRACTICE,

protecting copyright "in as effective and uniform a manner as possible"; the TRIPs Agreement contemplates "effective and appropriate means for . . . enforcement" worldwide, while "taking into account differences in national legal systems."[103] On the one hand, the Berne aim of "effective and uniform" protection, like the TRIPs aim of "effective and appropriate . . . enforcement," calls for a globally seamless fabric of remedies that stops infringement from spreading, especially from pirate havens.[104] On the other hand, the TRIPs aim of "taking into account differences in national legal systems" implies a globally coherent fabric of remedies in which different national laws do not interfere with each other.[105]

How can infringement be localized consistently with these aims? It does not suffice to refer to the statutory definitions of "infringing acts" country by country. Such a piece-meal approach risks losing sight of the big picture, namely the policy rationale of the treaty regime, its *ordre public international*.[106] Rather than focusing on isolated acts, we propose to consider entire cross-border transactions and to distinguish between *incoming* and *outgoing* transactions relative to any given country. Generally speaking, a transaction is incoming relative to a given country if it tends to impact the market or audience in that country, and it is outgoing if, starting in that country, it tends to impact the market or audience in another country.[107] In an incoming transaction, an initiating act, for example, the authorizing or organizing of copying, the making of copies, or the transmitting of signals, takes place outside the country in question. To complete the incoming transaction, a consummating act, for example, the sale

supra note 1 (illustrating the interpretation of domestic copyright laws in accord with treaty obligations).

[103] Berne Convention, *supra* note 17, Preamble; TRIPs Agreement, *supra* note 36, Preamble. *See also* WIPO Copyright Treaty, adopted Dec. 20, 1996, WIPO Doc. CRNR/DC/94, art. 14 [hereinafter W.C.T.]; WIPO Performances and Phonograms Treaty, adopted Dec. 20, 1996, WIPO Doc. CRNR/DC/95, art. 23 [hereinafter W.P.P.T.] (contemplating "effective action" and "expeditious remedies" to protect markets against pirates in cyberspace as well).

[104] *See, e.g.*, Berne Convention, *supra* note 17, art. 16; TRIPs Agreement, *supra* note 36, arts. 51-60 (providing for seizures of infringing copies to stop them from crossing borders to reach markets in geographical space) (discussed *infra* text accompanying note 139).

[105] For further policy analysis, see *infra* Part V.B.

[106] We here reach the limits of the *lex causae* method of characterization. For this method and the comparative method to which we propose shifting, see *supra* Part II.A.1.

[107] *See generally* Max Planck Institute, *Stellungnahme des Max-Plank-Instituts für ausländisches und internationales Patent-, Urheber- und Wettbewerbsrecht zum Entwurf eines Gesetzes zur Ergänzung des internationalen Privatrechts (außervertragliche Schuldverhältnisse und Sachen)* [hereinafter Max Planck Institute, *Stellungnahme*], 1985 GRUR INT. 104, 105-07 (elaborating this distinction in applying it to hypothetical cases).

of copies or the furnishing of access to signals, occurs, or is about to occur, inside the country in question. By contrast, in an outgoing transaction, the initiating act takes place in the country in question, and the consummating act occurs, or is about to occur, in another country or in other countries.[108] Here is our rule of thumb on point: *Localize any allegedly infringing act in a given country only if the transaction including that act is incoming relative to that country.*

Return to the metaphor of a patchwork of jurisdictions. The approach just proposed avoids the extraterritorial imposition of any one law across part or all of this patchwork. Normally, any national copyright law is intended to govern the home market and audience for informational and cultural goods. That law appropriately governs transactions that threaten, prejudice, or usurp rightholders' protected interests in this home market or audience. Indeed, localizing an infringing act in a country for which the relevant transaction is outgoing would run the risk of unreliably exporting that country's purely local copyright policies into other countries whose markets and audiences are not impacted by the transaction.[109] Suppose, for example, that country A provides less protection than country B in a given case: applying A's law to outgoing transactions that target B's market would impose standards of protection on B lower than B's legislature intended for its home market in that case, just as applying B's law to outgoing transactions that target A's market would have the opposite effect in A. To preserve global balance, infringement is then to be localized in a country if the transaction in question targets the market, or addresses the audience, in that country.[110]

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[108] The country here, relative to which a transaction is outgoing, may be, but is not necessarily, the "country of origin" within the meaning of the Berne notion, which serves only very special functions in international copyright. *See* Paul Edward Geller, *International Copyright: An Introduction* § 4[3][b][ii], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

[109] It has been argued that legal certainty would be served by applying the law of the country for which any transaction at issue would effectively be outgoing. For such a position, see Schack, *supra* note 41, at 62-63. Unfortunately, in the Internet cases which this position addresses, a supposed originating or source country, for which a transaction would be outgoing, could be arbitrarily chosen or uncertain. For analysis to this effect, see *infra* text accompanying notes 165, 208, 217-18, and 224-29.

[110] *See supra* text accompanying notes 40-58 *passim* and 65-66 and *infra* text accompanying notes 111-19 *passim*, 136-38, and 166-67, and note 352. *Cf.* PAUL GOLDSTEIN, INTERNATIONAL COPYRIGHT: PRINCIPLES, LAW, AND PRACTICE 67-70, 106-07 (2001) (apparently favoring application of the law of the country with the targeted market out of "respect for national economic decisions" that motivated that country's copyright legislation, but then suggesting that the U.S. doctrine of fair use may be applied in any "infringement action arising in the United States"); Wendy Adams, *Intellec-*

Consider a hypothetical case that would fall into the penumbra between copyright and related laws. Suppose that, in a U.S. court, the French producer of a database sues a party who, while headquartered in the United States, sells access to non-creative contents of that database on the Internet.[111] European laws impose liability for taking database contents; a few jurisdictions accord copyright in database contents merely compiled with "skill and labor," but others provide only limited relief against the misappropriation of such contents.[112] If the court applied European data-protection laws, for example, to access given in the United States or China, where such protection may not be available, it would effectively export European policies into countries that have not implemented such policies. If the court indiscriminately applied, say, U.S. copyright law, which does not protect non-creative database contents, it could short-change the claimant in European markets where laws protect data more extensively. In this hypothetical case, the court would then face very real conflicts of laws, given the varying laws that concern database contents worldwide.[113] Following the analysis proposed here, the court would apply European data laws only to transactions incoming relative to European countries.

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tual Property Infringement in Global Networks: The Implications of Protection Ahead of the Curve, 10 INT'L J. L. & INFO. TECH. 71, 85-86 (2002) (critiquing any localization that has "unanticipated spillover effects").

[111] Note that this case may not, strictly speaking, implicate copyright treaties in countries that do not protect the database contents at issue with copyright. However, the overlap with the field of copyright allows for arguing that the principles of the Berne/TRIPs regime should apply.

[112] *Compare* Ben Smulders, *The Law of the European Community and Copyright* § 4[2][f][ii], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1 (presenting the directive which mandates E.C. member-states to institute *sui generis* rights in raw data), *and* Brad Sherman, *Australia* § 2[1][b], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1 (indicating that, in Australia, copyright is accorded in telephone directories and, by extension, in databases made with "skill and labour"), *with* Xue Hong, *China* § 2[1][b], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining Chinese case law which only protects raw data with limited tort remedies for unfair competition), *and* Eric Schwartz, *United States* § 9[1][d], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining U.S. case law which limits the protection of raw data to relief against misappropriating "hot news").

[113] *Cf.* J.H. Reichman & Pamela Samuelson, *Intellectual Property Rights in Data?*, 50 VAND. L. REV. 51 (1997) (critiquing the E.C. directive and other initiatives and presenting policy arguments against granting property rights in raw data).

Moral rights also dramatize the question of territoriality.[114] Moral rights vary considerably among different national copyright laws.[115] For example, based on a conception of authors' very personal interests in controlling the fate of their works, French law recognizes strong moral rights in very broad terms.[116] By contrast, based on legislative compromises within a delicately balanced federal scheme, U.S. statutory copyright law grants more limited moral rights, specifically in works of the visual arts.[117] It would be inappropriate to export the French approach into the United States by imposing remedies for French moral rights that, for example, empowered an author to control how her works were received by the U.S. audience any more than she could under U.S. law.[118] By the same token, it was inappropriate to apply the Israeli law of moral rights in the case of the literary reconstruction of the Dead Sea Scrolls to the extent that the alleged infringing acts were incoming relative to the United States.[119]

The foregoing analysis does not merely lead back to the old tort choice-of-law rule which applies the law of the jurisdiction at the *situs* of the harm. The policies of the Berne/TRIPs regime motivating our analysis

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[114] Note that, to allow the localization criteria proposed here to apply to the infringement both of economic and of moral rights, these criteria refer both to the "market" targeted for economic rights and to the "audience" addressed for moral rights. There will be rare cases where the market and the audience do not coincide. For example, a book written in French is bought inside France, but read and enjoyed by a French-speaking Swiss resident inside Switzerland. The market is France, but the audience, at least in the case of this reader, is in Switzerland.

[115] For differing laws on point, see the national chapters, particularly § 7, *in* INT'L COPR. LAW & PRACTICE, *supra* note 1. For a seminal comparative analysis, see STIG STRÖMHOLM, LE DROIT MORAL DE L'AUTEUR EN DROIT ALLEMAND, FRANÇAIS ET SCANDINAVE AVEC UN APERÇU DE L'ÉVOLUTION INTERNATIONALE: ÉTUDE DE DROIT COMPARÉ (1966 [vol. 1], 1973 [vol. 2]).

[116] *See* France, Code de la Propriété Intellectuelle (Intellectual Property Code, as last amended by the Law of June 18, 2003), art. L. 121-1, *available at* http://www3.ccip.fr/irpi/code-propriete (last visited Jan. 14, 2004). *Cf.* BERNARD EDELMAN, LA PROPRIÉTÉ LITTÉRAIRE ET ARTISTIQUE 35-53 *passim* (3d ed. 1999) (giving an overview of the French theory and practice of moral rights).

[117] *See* U.S. Copyright Act, 17 U.S.C. § 106A (2000). *Cf.* Dastar Corp. v. Twentieth Century Fox Film Corp., 123 S. Ct. 2041 (2003) (limiting the range of cases in which the federal law of unfair competition may serve as a basis for remedies akin to those for moral rights).

[118] For an Internet hypothetical on point, see *infra* text accompanying notes 168-72.

[119] Shanks v. Kimron, C.A. 2811/93, 54(3) P.D. 817 (Supreme Court) (Israel), *in English translation in* [2001] Eur. Copr. & Design Rep. [E.C.D.R.] 73. For further analysis, see Neil Wilkof, *Copyright, Moral Rights and the Choice of Law: Where Did the Dead Sea Scrolls Court Go Wrong?*, 38 HOUS. L. REV. 463 (2001).

may come to bear differently in different circumstances, thus precluding full reliance on any such categorical rule. As we shall see immediately below, the analysis is likely to apply somewhat differently at different stages of a law suit because of different remedial exigencies that make themselves felt at the start and at the end of the suit.[120] Further, there can be exceptional cases, explained below, in which a treaty or legislative text may call for applying the law of a country, or of a group of countries, independently of whether the transaction at issue is incoming or outgoing.[121]

2. Provisional Injunctive Relief: Where to Stop Infringement?

At the start of a suit for infringement, a claimant often seeks injunctive orders, for example, to cease and desist, to seize copies, etc. At that point, petitioned on short notice to stop a cross-border transaction, the court might have precious little time to study all possibly applicable laws. The case law is sparse, if only because the summary proceedings that address conflicts of laws for purposes of granting provisional remedies leave scant traces on the public record. The Berne/TRIPs policy of weaving a globally seamless fabric of remedies may guide choosing laws to serve as bases for provisional relief in cross-border cases.[122] For this purpose, courts may apply such laws as are shared in most of the overall marketplace threatened by incoming transactions.[123]

Copyright cases can come to a head as soon as injunctive relief is sought against infringement. It is then only normal for a court to look to forum law when the home market is threatened by an incoming transaction. For example, U.S. courts, faced with copies made abroad but infringing under U.S. law, have applied U.S. law as the basis for enjoining the transactions abroad that resulted in the copies coming into the United States.[124] As a comparative example, consider the case of recordings law-

120 *See infra* Parts III.B.2 and III.B.3.

121 *See infra* text accompanying notes 139-40.

122 *See supra* text accompanying notes 102-04.

123 For problems arising in fashioning final injunctive relief, see *infra* text accompanying notes 168-72 and Part V.B.

124 *Compare* Liberty Toy Co. v. Fred Silber Co., 149 F.3d 1183 (6th Cir. 1998), *reported in full at* 1998 U.S. App. LEXIS 14866 (overturning dismissal, after a restraining order had been granted, where infringing toys were bought in China and completed in Canada, but title held until they reached the U.S. market, and holding that this transaction supported applying U.S. law as a basis for relief), *and* Spindelfabrik Suessen-Schurr v. Schubert & Salzer, 903 F.2d 1568, 1577-78 (Fed. Cir. 1990) (enjoining preparatory acts in Germany for uses that would infringe a patent in the United States), *with* Filmvideo Releasing Corp. v. Hastings, 668 F.2d 91, 93-94 (2d Cir. 1981) (reversing an order to turn over films susceptible of exploitation abroad).

fully made in Luxembourg after rights had lapsed in that country: the court applied German law to preclude the distribution of the recordings into Germany, where rights were still effective.[125] Admittedly, matters become more difficult when a transaction is incoming relative to many countries, notably when, as in Internet cases, the transaction targets the markets or addresses the audiences in each of these countries, respectively.[126] In theory, according to the analysis just proposed, the court in such a case would have to fashion its injunctive relief in the light of the laws of each of these protecting countries.[127] In practice, this burden may be lightened at the start of the suit by taking into account the conditions for granting provisional relief.

Imagine this hypothetical variation on the *Los Angeles News* case explained above.[128] A party in the United States is on the verge of inputting an audiovisual work into a global telecommunication network without consent. The claimant, not knowing just where reception will take place, at once sues this U.S. party and petitions to have him enjoined from disseminating the work anywhere in the world. At the start of suit, the court might lack the time to research fully the respective laws of all the various countries whose laws may be invoked in the case, given allegations of impending damages worldwide. The court could summarily characterize this as an easy case by rebuttably presuming that, if the work is about to be released from within the United States, then the U.S. market is being targeted and at least U.S. law applies. However, for the sake of testing our approach to localization for purposes of provisional relief, consider *arguendo* only the risk of unauthorized dissemination anywhere else in world.[129] If, in the easy case of home reception, it sufficed to make a showing under forum law, what should suffice in the hard case of multi-country reception, where the laws of other countries come into play? Of course, the claimant has to fulfill certain conditions to obtain an injunc-

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125 The *Doors* decision, BGH (Federal Court of Justice) (Germany), Feb. 18, 1993, 1993 GRUR 550, 1993 GRUR INT. 699, *and in English translation in* 26 I.I.C. 305 (1995). *Cf.* ABKCO Music & Records, Inc. v. Music Collection Int'l, Ltd., [1995] Rep. Pat. Cases [R.P.C.] 657 (C.A. 1994) (U.K.), *partially reprinted in* 27 I.I.C. 895 (1996) (applying U.K. law to preliminary acts in Denmark leading to infringement in the United Kingdom).

126 *See infra* Part III.C.2.

127 *See supra* Parts II.C and III.B.1.

128 Los Angeles News Serv. v. Reuters Television Int'l, 942 F. Supp. 1265 (C.D. Cal. 1996), *in pertinent part rev'd*, 149 F.3d 987 (9th Cir. 1998), *cert. denied*, 525 U.S. 1141 (1999) (discussed *supra* text accompanying notes 81-85).

129 The *Los Angeles News* case came close to this hypothetical, in that the claimant there had admittedly consented to N.B.C.'s exploitation of the videos at issue within the United States, but not to foreign exploitation. *Los Angeles News*, 942 F. Supp. at 1267-68.

tion: most importantly, for our purposes, it must show, factually, the imminent threat of irreparable harm and, legally, the probable validity of its claims.[130] At this point, at the start of suit, the court may exercise its discretion, sorting out evidentiary burdens and tailoring provisional relief with an eye to specific circumstances, especially respective burdens on the parties, and to general policies.

In our hypothetical case, the claimant may ask the court to base an injunction on such laws as are effective in the lion's share of the markets or audiences at risk. To that end, it may appeal to the Berne/TRIPs policy which supports providing seamless remedies that stop infringement from spreading across borders.[131] Suppose, for example, that the court makes the following pair of findings: factually, damages difficult to compensate are likely to be incurred in major markets and audiences, say, in Brazil, China, France, Germany, India, Japan, and the United Kingdom; legally, the transaction at issue is infringing under the copyright laws of these jurisdictions. The court then has both factual and legal bases for an injunction with respect to much of the global marketplace and may, in its discretion, consider provisionally enjoining the transaction altogether.[132] The claimant may also, in appropriate cases, invoke minimum Berne/TRIPs rights that so apply to some transactions that, under most or all relevant laws, there is no real conflict of laws.[133] Consider the case of a clearly creative work about to be slavishly imitated and marketed for profit without authorization in many countries at once. Standards common to diversely formulated copyright laws may treat the impending taking as infringing, thus supporting a territorially broad injunction.[134] Subsequent counter-show-

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130 *See generally* 2 PAUL GOLDSTEIN, COPYRIGHT § 11.1 *passim* (2003) [hereinafter GOLDSTEIN, COPYRIGHT] (explaining conditions, in the United States, of temporary restraining orders and preliminary injunctions). *See also* LUCAS & LUCAS, *supra* note 13, at 570-86 *passim*, 607-08 (explaining conditions, in France, of judicially ordered injunctions and of police and judicial seizures).

131 *See supra* text accompanying notes 102-04.

132 *Cf.* Playboy Enters., Inc. v. Chuckleberry Publ'g, Inc., 939 F. Supp. 1032 (S.D.N.Y. 1996) (enjoining a party from disseminating a trademark on the World Wide Web, after this party's use of the mark had already been held to be infringing in the United States, as well as in foreign countries with major markets).

133 For the analysis of true and false conflicts, see *supra* Part II.A.2.

134 *Cf.* Applied Research Sys. Holding N.V. v. Organon, Court of Appeals, The Hague (Netherlands), Feb. 3, 1994, *in English translation in* 28 I.I.C. 558 (1997) (applying, in principle, the laws of protecting countries respectively to infringement alleged in each of them but, given incomplete showings of these laws, presuming that these conform to E.C. norms).

ings, based on limitations or exceptions effective in specific countries, could later lead the court to tailor relief more closely.[135]

Our approach allows legal standards common to many countries to form bases for provisional relief in cross-border cases.[136] It is tempting to simplify matters by applying only one law — according to some hopeful analyses, the most appropriate or most protective law — to justify such relief in a given case.[137] Any proposal to fasten on one such law, however, would not only invite the courts to apply that law extraterritorially, but also encounter uncertainties about what the "most appropriate" or "most protective" law might mean from case to case.[138] Nonetheless, there may be exceptional cases in which an express treaty or legislative text would compel applying the law of a given country to transactions that are not fully incoming relative to the market or audience of that country. Consider the case in which copies that are illicit under the law of one country transit that country's territory on their way to another country which allows the marketing of the copies. Special treaty provisions may require applying the law of the country of transit to stop these copies even if they

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135 For example, a short quote, indispensable for illustrative or like purposes, might be excused under most laws, and a parody under many laws. For differing laws on point, see the national chapters, particularly § 8[2], *in* INT'L COPR. LAW & PRACTICE, *supra* note 1. At some point, applying some exceptions, such as that for parody, shades into infringement analysis which, itself, shares many methods among otherwise differing laws. *See* Paul Edward Geller, *Hiroshige v. Van Gogh: Resolving the Dilemma of Copyright Scope in Remedying Infringement*, 46 J. COPR. SOC'Y 39, 45-53 (1998) [hereinafter Geller, *Hiroshige v. Van Gogh*].

136 *See supra* Part III.B.1.

137 *Compare* Dinwoodie, *A New Copyright Order*, *supra* note 29, at 547-52 (looking to the most appropriate law case by case), *with* François Dessemontet, *Internet, le droit d'auteur et le droit international privé*, 1996 REV. SUISSE DE JURISPRUDENCE 285 (looking to the most protective law). In this Journal over five years ago, this Writer argued in favor of applying the most protective law in certain cases but now, in this Article, revises this position. For this prior position, see Geller, *Conflicts of Laws in Cyberspace*, *supra* note 2, at 111-14.

138 *See supra* text accompanying notes 40-58 *passim* and 109-19 *passim* and *infra* text accompanying notes 165-67 and note 352. *See also* André Lucas, *Private International Law Aspects of the Protection of Works and of the Subject Matter of Related Rights Transmitted over Digital Networks* ¶¶ 91-94, *in* WIPO Forum on Private International Law and Intellectual Property, WIPO Doc. PIL/01/1 Prov., Dec. 17, 2000 [hereinafter Lucas, *Digital Networks*], *available at* http://www.wipo.int/pil-forum/en/documents/doc/pil_01_1p.doc (last visited Jan. 6, 2004) (doubting that any method would reliably help to select the most appropriate or protective law). *Cf.* Max Planck Institute, *Stellungnahme*, *supra* note 107, at 105-07 (critiquing a German project to codify application of the most protective law in cases of cross-border infringement).

are not necessarily protected in the country of destination.[139] Comparable statutory provisions may also, in exceptional cases, support enjoining specific outgoing transactions.[140]

3. Final Monetary Relief: Where Has Infringement Occurred?

At the end of a suit for infringement, a claimant normally seeks damages and, where possible, other monetary awards. By this point, even in a cross-border case, the court has had the time to study ultimate liability under all colorably applicable laws. But the case law worldwide is not fully settled about how to resolve conflicts of laws that bear on attributing monetary liability. The Berne/TRIPs policy of maintaining a globally coherent fabric of remedies should guide choosing laws to serve as bases for imposing awards across borders.[141] For this purpose, courts best apply such laws as are respectively effective in the countries whose markets or audiences have been impacted by incoming transactions.[142]

Courts tend to localize infringing acts at home if markets or audiences are prejudiced or usurped within their own jurisdictions.[143] By parity of reasoning, courts ought not base awards on their home laws for damages incurred or profits realized abroad, that is, outside their respective juris-

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[139] *See* Berne Convention, *supra* note 17, art. 16; TRIPs Agreement, *supra* note 36, arts. 51-60. Note that, where the treaty provision is not self-executing, domestic implementing legislation has to be construed to give it appropriate effect. *See, e.g.*, Grammophone Co. of India, Ltd. v. Pandey, [1985] F.S.R. 136 (Supreme Court 1984) (India), *with excerpts in* 18 I.I.C. 139 (1987) (also giving priority to the Berne Convention over other treaties in thus construing domestic law) (discussed *supra* text accompanying note 94).

[140] *See, e.g.*, B.B.C. Enters., Ltd. v. Hi-Tech Xtravision, Ltd., [1992] R.P.C. 195 (H.L. 1991) (U.K.) (holding that, where the B.B.C. relayed encrypted broadcasts across the English Channel and obtained remuneration from the sale of authorized decoders in Continental Europe, section 298 of the U.K. Copyright, Designs and Patents Act supported relief against the illicit marketing of decoders abroad). *Cf.* U.S. Copyright Act, 17 U.S.C. § 512(j)(1)(B)(ii) (2000) (authorizing orders to block access to a work stored on an off-shore server, but without specifying whether such an injunction predicates any showing that a U.S. audience would access the work).

[141] *See supra* text accompanying notes 102-05.

[142] For the problem of differing approaches to measuring damages, see *infra* note 353.

[143] *See, e.g.*, Blue Ribbon Pet Prods., Inc. v. Rolf C. Hagen (USA) Corp., 66 F. Supp. 2d 454, 462-64 (E.D.N.Y. 1999) (holding that a party may be contributorily liable for monetary awards under U.S. law for having had copies made abroad with *scienter* that such copies might be infringing under U.S. law and sold in the United States); Herscovici c. Sté. Karla et Sté. Krizia, TGI (Court of First Instance), Paris (France), May 23, 1990, 146 RIDA 325 (1990) (localizing illicit copying in Italy and illicit sales in France and awarding damages under French law for the sales).

dictions. For example, in a U.S. case, the Ninth Circuit had to review an award of about two million dollars, about half attributable to marketing the Beatles' *Yellow Submarine* in the United States and about half to marketing that work abroad.[144] The appellate court held that U.S. copyright law could not support the latter half of the award because only authorization, but no predicate act such as marketing, had been alleged as occurring inside the United States, leaving that part of the award attributable to foreign exploitation without any basis in the pleadings.[145] Comparably, a French court rejected the argument that French law should apply to imposing damages just because the claimant was headquartered in France, and it rather applied Swedish, Dutch, and British laws, respectively, to award damages incurred in each of these countries.[146] Unfortunately, the courts have not always consistently chosen laws to serve as bases for awarding monetary relief in cross-border cases. Aberrant decisions on point will here be critiqued, and a more coherent approach elaborated.

One old precedent in the United States has allowed U.S. courts to apply U.S. law when imposing monetary liability for infringing copies made in the United States but exploited in other countries.[147] Such precedents invite courts on opposite sides of a border to make overlapping or diverging cross-border awards: on one side, a court could apply its law as a basis for recompensing claims for copies made at home but outgoing into another country; on the other side, a court in that other country could apply its law as a basis for recompensing claims for sales of these copies incoming into its own jurisdiction. For example, in the case of a book published in Canada but sold in the United States, a Canadian court, applying only Canadian copyright law, while distinguishing U.S. precedents on fair use, awarded monies for both Canadian sales and U.S. sales.[148] By

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144 Subafilms, Ltd. v. MGM-Pathe Communications Co., 24 F.3d 1088, 1089-90 (9th Cir. 1994) (en banc), *cert. denied*, 513 U.S. 1001 (1994).

145 *Id.* at 1094-98. *See also* Micro Data Base Sys., Inc. v. State Bank of India, 177 F. Supp. 2d 881, 886-87 (N.D. Ind. 2001) (limiting damages under U.S. copyright law to the use of unlicensed software in the United States, while granting contract damages for uses abroad).

146 SISRO c. Sté. Ampersand Software, CA (Intermediate Court), 4e ch., Paris (France), Feb. 8, 2002, Expertises 2002, 230. *Cf.* Cass. civ. I (Supreme Court), Mar. 5, 2002, JCP 2002 II, 10082, 994, *in English translation in* 34 I.I.C. 701 (2003) (explained *supra* note 71).

147 *See* Sheldon v. Metro-Goldwyn Pictures Corp., 106 F.2d 45, 52 (2d Cir. 1939) (equitably allowing domestic law to form the basis for attributing liability for transactions commenced by copying at home, but consummated by marketing abroad, because "plaintiffs made no proof of foreign law"). *See also* Update Art v. Modiin Publ'g, 843 F.2d 67, 73 (2d Cir. 1988) (following *Sheldon*).

148 Hager v. ECW Press, Ltd., [1999] 2 F.C. 287, 312-19 *passim*, 323 (Fed. Ct. 1998) (Canada) ("I do not accept the argument that non-Canadian revenues

contrast, on these facts, a U.S. court could have applied U.S. law, at least with regard to the U.S. sales, imposing either duplicative monetary relief or none at all had the U.S. precedents excused liability for the U.S. sales. Such a pattern of decisions would contravene the Berne/TRIPs policy which requires assuring coherent remedies, including monetary awards that correspond consistently to acts of infringement across borders.[149] The principle of national treatment, assuming localization as proposed here, leads to basing monetary liability on the laws of the countries whose markets and audiences are respectively prejudiced or usurped.[150] It requires a court to apply the law of each such country in determining liability for any damages incurred, or profits realized, in that country. The court would thus defuse tensions between different laws with regard to monetary relief.[151]

Our approach leads to imposing monetary liability under the law of each of the countries for which a cross-border transaction is incoming and actionable.[152] But note that, in civil suits, many jurisdictions exceptionally impose statutory or other special monetary awards, notably for particularly egregious infringement or for damages difficult to measure.[153] Such awards may be justified by invoking the international public policy that prompts the TRIPs Agreement to call for "remedies which constitute a deterrent to further infringements."[154] There is only sparse case law which extraterritorially imposes such special awards under the law of a single country in order to adjust monetary liability for prejudices incurred

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should not be included. The books were published in Canada, sent from Canada for sale abroad and the revenues were paid to the defendants.").

[149] Interestingly, Canadian case law has recognized that, absent the correct localization of cross-border transactions, there is a "potential" for "double" recovery. *See* the *Tariff 22* decision, SOCAN v. Canadian Assoc. of Internet Providers, (2002) 19 Can. Pat. Rep. [C.P.R.] (4th) 289, ¶ 181 (Fed. Ct. App. 2002) (Canada) (leave for appeal to the Supreme Court granted) (also explained *infra* note 164).

[150] *See supra* text accompanying notes 106-13.

[151] The approach proposed here would also defuse tensions within domestic law on point. *Compare* Los Angeles News Serv. v. Reuters Television Int'l, 149 F.3d 987, 991-93 (9th Cir. 1998), *cert. denied*, 525 U.S. 1141 (1999), *with id.*, 340 F.3d 926 (9th Cir. 2003) (discussed *supra* text accompanying notes 81-84).

[152] *See supra* Part III.B.1 and text accompanying notes 143-50.

[153] For differing laws on point, see the national chapters, particularly § 8[4][a], *in* INT'L COPR. LAW & PRACTICE, *supra* note 1.

[154] TRIPs Agreement, *supra* note 36, art. 41(1). For further analysis of the relevant provisions, see Thomas Dreier, *TRIPs and the Enforcement of Intellectual Property Rights*, *in* FROM GATT TO TRIPs 248 (Friedrich-Karl Beier & Gerhard Schricker eds., 1996).

in other countries.[155] Rather, a court should impose any special award under one country's law by looking only to the impact of the transaction at issue in that country. Where special awards apply country by country in cross-border cases, they may cumulate, with globally deterrent effects.[156] This entire analysis takes on another complexion in criminal cases where, typically, courts impose sanctions only under their own laws.[157]

C. *What Laws Apply in Hard Cases, Notably Internet Cases?*

New media stretch the notion of territoriality to the breaking point. They can disseminate works across many national borders instantaneously. In one type of case, broadcasting crosses borders, sometimes relayed via satellite throughout a footprint covering many countries. In other cases, works are communicated through the Internet, which interactively links computer terminals, ultimately on a global scale. We propose, in Part III.C.1, to distinguish more closely between broadcast and Internet cases and, in Part III.C.2, to test the foregoing approach to localization by applying it to Internet cases.[158]

1. *Distinguishing Broadcast from Internet Cases*

The courts have circled around the question: Should infringement by a cross-border broadcast be localized where the broadcast originates or where it is to be received? The U.S. Supreme Court has declined to review the divergence between important courts of appeal on this question.[159] European courts have found themselves caught between the

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155 *See, e.g.*, Nat'l Football League v. PrimeTime 24 Joint Venture, 131 F. Supp. 2d 458, 479 (S.D.N.Y. 2001) (finding that infringement by capturing work-carrying signals in the United States and transmitting the works abroad was "knowing or at least reckless" and awarding statutory damages for such acts under U.S. law), *on remand from* 211 F.3d 10 (2d Cir. 2000), *cert. denied*, 532 U.S. 941 (2001).

156 By parity of reasoning, we would not follow the commentary that contemplates attenuating monetary liability by applying the law of the home country of an infringer who, on the basis of that law and comparable laws elsewhere, could not have reasonably foreseen that his acts would have constituted infringement abroad. *See* Lucas, *Digital Networks*, *supra* note 138, ¶¶ 89-90, 101.

157 *Cf.* Regina v. AFC Soccer, 22 C.P.R. (4th) 369 (Man. Prov. Ct. 2002) (Canada) (assessing a fine under domestic law by taking account, *inter alia*, of the extent of illicit sales abroad, some via the Internet). For further analysis, see BROWNLIE, *supra* note 102, at 300-11 *passim*.

158 For this approach, see *supra* Part III.B.1.

159 *Compare* Allarcom Pay Television, Ltd. v. General Instrument Corp., 69 F.3d 381, 387 (9th Cir. 1995) (holding that U.S. copyright law does not apply to the unauthorized unscrambling of satellite transmissions only received in Canada), *with* Nat'l Football League v. PrimeTime 24 Joint Venture, 211

traditional and E.C. approaches to localizing satellite-relayed broadcasts. The traditional approach localizes a broadcast in the country receiving it; the E.C. Satellite Directive localizes a satellite-relayed broadcast in the originating country.[160] The Satellite Directive defines the "act of communication" via a satellite-relayed broadcast as taking place in the E.C. member-state from which the works are transmitted by "an uninterrupted chain of communication leading to the satellite and down towards the earth."[161] However, the Directive suggests that compensatory liability should be considered by taking into account the impact of a broadcast on markets and audiences in the receiving countries.[162] Thus, while in theory the Directive deviates from the approach suggested here, in practice it converges with this approach.

There is, in any event, little analogy between broadcasts, or even cablecasts, and Internet transmissions.[163] In the former case, one broad-

F.3d 10 (2d Cir. 2000), *cert. denied*, 532 U.S. 941 (2001) (applying U.S. law to the capture and retransmission of signals in the United States, even though reception only takes place in Canada). *See also* C.A.P.A.C., Ltd. v. Int'l Good Music, Inc., [1963] S.C.R. 136 (Canada) (holding Canadian law applicable to the case of a broadcast originating in the United States, but reaching a Canadian audience with largely Canadian advertising).

160 *Compare* the *Tele-Uno II* decision, OGH (Supreme Court) (Austria), May 28, 1991, 1991 GRUR INT. 920, *in English translation in* 23 I.I.C. 703, 707 (1992) ("*alongside* the law of the country of emission, in addition the copyright provisions of all those countries must be applied, which are situated at least to a considerable extent within the regular reception scope of such broadcasts"), *with* the *Felsberg* decision, BGH (Federal Court of Justice) (Germany), Nov. 7, 2002, 2003 GRUR 328 (applying German law to a broadcast made from Germany, but addressed to a French public and possibly received by some Germans, on the basis that "control" of the broadcast was exercised at the point of broadcasting in Germany) (also explained *infra* note 162).

161 E.C. Council Directive 93/83 of 27 September 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission, art. 2.2(a), 1993 O.J. (L 248/15). The Directive applies this definition only to broadcasts that have originated in the European area or where relevant laws are harmonized to E.C. levels. *Id.* art. 2.2(d).

162 *Id.* Recital 17 ("in arriving at the amount of the payment," account should be taken of "the actual audience, the potential audience," etc.). *Cf.* the *Felsberg* decision, *supra* note 160, at 331 (mandating the court on remand to assess royalty claims in the light of the legal situation in France, where much of the audience was located) (also explained *supra* note 160).

163 *See* Thomas Dreier, *The Cable and Satellite Analogy*, *in* THE FUTURE OF COPYRIGHT IN A DIGITAL ENVIRONMENT 57, 59-63 (P. Bernt Hugenholtz ed., 1996) [hereinafter THE FUTURE OF COPYRIGHT]. *Compare* ROBERTO MASTROIANNI, DIRITTO INTERNAZIONALE E DIRITTO D'AUTORE 413-25 (1997) (attempting to reconcile alternative approaches in satellite-relay and online cases), *with* JEAN-SYLVESTRE BERGÉ, LA PROTECTION INTERNATIONALE ET

caster or cablecaster alone decides whether to communicate a work from any one country to multiple points all at once. In the latter case, telecommunication is interactively effectuated among multiple and possibly mobile points in cyberspace. In this fluid situation, the courts have not yet consistently localized possibly infringing transactions prior to choosing applicable laws.[164] However, relative to both the cases of broadcasting and of Internet dissemination, the public policies of the Berne/TRIPs regime would be undercut if infringement were quite simply localized in some supposed originating or source country. On that basis, a party could be headquartered in or operate from a pirate haven and, thus, on the Internet, "upload [works] from the least protective country possible."[165] The E.C. Satellite Directive eliminates that risk by harmonizing the pertinent laws within the European Community and thus mooting conflicts of laws on point in the region. However, no such instrument does the same job in global cyberspace.

Internet cases illustrate a clear choice between conflicts methods. On the one hand, confronting such cases, some commentators would have the courts choose the law of some country with a "significant relationship" or special "connecting factor" to infringement that the Berne/TRIPs regime

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COMMUNAUTAIRE DU DROIT D'AUTEUR: ESSAI D'UNE ANALYSE CONFLICTUELLE 221-26, 300-01, 394-98 (1996) (distinguishing approaches applied to these cases).

164 *Compare* Twentieth Century Fox Film Corp. v. iCraveTV, 53 U.S.P.Q.2d 1831 (W.D. Pa. 2000) (enjoining the streaming of copyright-protected programming into the United States via any Internet site, even from abroad), *and* Menashe Business Mercantile, Ltd. v. William Hill Org., Ltd., [2003] 1 All E.R. 279 (C.A. 2003) (U.K.) (finding patent infringement in the United Kingdom because the patented computer system was interactively used there, that is, the end-users worked the system in the United Kingdom, even though the server was abroad), *with* Quantitative Fin. Software, Ltd. v. Infinity Fin. Tech., Inc., 47 U.S.P.Q.2d 1764 (S.D.N.Y. 1998) (refusing to localize infringement in the United States where, ostensibly from off-shore, a foreign software module "will control huge volumes of trades" in New York City), *and* the *Tariff 22* decision, SOCAN v. Canadian Assoc. of Internet Providers, 19 C.P.R. (4th) 289, ¶ 192 (Fed. Ct. App. 2002) (Canada) (leave for appeal to the Supreme Court granted) (applying Canadian law "to protect copyright in the Canadian market" if the "end user" is located there, but not giving up the option of applying Canadian law to Canadian servers, caches, etc., wherever reception occurs) (also explained *supra* note 149).

165 Jane C. Ginsburg, *Global Use/Territorial Rights: Private International Law Questions of the Global Information Infrastructure*, 42 J. COPR. SOC'Y 318, 322-23 (1995). *See also* Peter Schonning, *Internet and the Applicable Copyright Law: A Scandinavian Perspective*, 21 E.I.P.R. 45 (1999) (favoring application of the law of the country of access or reception).

does not necessarily contemplate.[166] On the other hand, we have here explained how courts, in exercising their inherent judicial functions, such as characterization and tailoring remedies, may fully respect treaty principles and policies in applying copyright laws to cross-border cases. As here argued, any deviation from these principles runs the risk, not only of destabilizing the global balance between copyright laws, but of prompting new and unpredictable patterns of decisions.[167] Let us then test our treaty-bound approach in Internet cases.

2. *Resolving Copyright Conflicts in Internet Cases*

Imagine an Internet case in which a work is protected in one country but not in another.[168] Posit, hypothetically, the following acts undertaken without due consent: an online service colorizes Buster Keaton's silent-film classic *The General*, stores it in a computerized database in the United States, and allows end-users to download the work on demand through a global network; end-users receive the work at their private terminals worldwide. However, while this work is in the public domain in the United States, it is still protected by copyright in Germany and, though unprotected by economic rights in France, still protected by moral rights there.[169] To the extent that these transactions are incoming relative to Germany and France, infringement would be localized there. The laws of these countries would provide bases for any provisional injunction, for example, to exclude access in Germany and France. Optimally, the court would confine reception of colorized versions to countries like the United States where the work is not protected.

Admittedly, the judge could confront a Solomonic dilemma in finalizing an injunction in such a case. Suppose that it were not feasible for the service to block or filter transmissions territorially or according to content. On the one hand, injunctive relief prohibiting reception generally on the

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166 For examples, see Dessemontet, *Conflict of Laws*, *supra* note 41, at 489-91, 502-07; Ginsburg, *Digital Networks (2000 update)*, *supra* note 41, ¶¶ 22-27.

167 *See supra* text accompanying notes 45-58 *passim*, 109-19, and 136-38 and *infra* note 352.

168 For a different analysis of this hypothetical, see Geller, *Conflicts of Laws in Cyberspace*, *supra* note 2, at 103-04.

169 For the German case protecting Keaton's films after U.S. copyright had lapsed, see BGH (Federal Court of Justice), Jan. 27, 1978, 1979 GRUR INT. 50, *in English translation in* 10 I.I.C. 358 (1979). For the French case holding that economic rights in Keaton's films had lapsed in France, see S.A. Galba Films c. M. Friedman, CA (Intermediate Court), Paris, 1re ch., Apr. 24, 1974, 83 RIDA 106 (1975), *in English translation in* 7 I.I.C. 130 (1976), *aff'd*, Cass. civ. I (Supreme Court), Dec. 15, 1975, 88 RIDA 115 (1976). For the French provision recognizing the "perpetual" protection of moral rights, see France, Code de la Propriété Intellectuelle, *supra* note 116, art. L. 121-1.

Internet, without regard to territory or content, would run the risk of applying laws extraterritorially across the global expanse of cyberspace; on the other, abstaining from injunctive relief could leave rights in specific jurisdictions without remedy.[170] There seems no choice in such cases but to try to fashion relief on the basis of copyright standards common to most of the jurisdictions impacted by the transactions at issue. But such standards may not converge decisively in a given case, throwing the judge back on her own equitable ingenuity to accommodate diverse laws.[171] For example, the court could limit itself to requiring, in response to moral-right claims, that the poster of the colorized version refer end-users, via a hyperlink, back to the original version. Such relief would reduce the risk that posting the colorized version might somehow distort audience appreciation of the original version.[172]

Further conflicts questions may arise in connection with the collection of copyright royalties for online uses. Collecting societies have traditionally collected royalties on behalf of claimants for uses within national jurisdictions. Complex issues already arise, altogether outside cyberspace, with regard to how such royalties may satisfy the claims of foreign rightholders.[173] Most importantly, the rates and allocation of royalties for claimants who are not nationals of the country of collection must conform to treaty principles, notably national treatment.[174] Now imagine another hypothetical case in cyberspace: factually, a work is input into the Internet, and the resulting dissemination worldwide is licensed at the point of input. Legally, assuming the conflicts analysis proposed here, the laws of the countries for which the dissemination is incoming should respectively gov-

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170 For further analysis, see Lawrence Solum & Minn Chung, *The Layers Principle: Internet Architecture and the Law*, 79 NOTRE DAME L. REV. 815 (2004), *available at* http://papers.ssrn.com/sol3/papers.cfm?abstract_id=416263 (last visited Jan. 6, 2004).

171 For other instances of judicial accommodation, see *supra* text accompanying notes 132-35 and *infra* text accompanying notes 227-29, 290-302, and 313. For further analysis of moral rights and contracts, see *infra* Part V.B.

172 For this moral "right to reference" by hyperlinking, see Paul Edward Geller, *Must Copyright Be For Ever Caught Between Marketplace and Authorship Norms?*, *in* OF AUTHORS AND ORIGINS: ESSAYS IN COPYRIGHT LAW 159, 196-97 (Brad Sherman & Alain Strowel eds., 1994), *in more concise form in* Paul Edward Geller, *Toward an Overriding Norm in Copyright: Sign Wealth*, 159 RIDA 3, 81-83 (1994).

173 For further analysis, see Paul Edward Geller, *International Copyright: An Introduction* § 5[5][a], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

174 *Cf. GEMA/Austro-Mechana* decision, OGH (Supreme Court) (Austria), July 14, 1987, 1988 GRUR INT. 365 (imposing national treatment to preclude domestic retention of blank-tape royalties attributable to foreign claims).

ern liability for reception.[175] That analysis would preclude imposing rates effective in a single country of input, from which dissemination is outgoing, to remunerate reception in multiple countries abroad.[176]

Finally, other conflicts of laws could arise with regard to indirect infringement online. To start, laws may differ with regard to enjoining, or to attributing liability to, Internet intermediaries or end-users for involvement in such infringement.[177] There is some consensus that the WIPO Treaty provisions, or implementing statutes on point, are to be applied against dealings in devices or services that have no other function but that of circumventing schemes of digital-rights management.[178] But there is no

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[175] *See, e.g.*, Commission Decision 2003/300/EC of 8 October 2002 relating to a proceeding under Article 81 of the EC Treaty and Article 53 of the EEA Agreement (Case no. COMP/C2/38.014 - IFPI "Simulcasting"), 2003 O.J. (L 107) (approving a standard "multi-territorial licence," subject to "tariffs applied in the territories into which the user simulcasts its services"). It remains unclear to what extent claimants will eventually authorize Internet uses by collective or private contracts. For different analyses, see Ferdinand Melichar, *Collective Administration of Electronic Rights: A Realistic Option?*, *in* THE FUTURE OF COPYRIGHT, *supra* note 163, at 147; Mark Stefik, *Shifting the Possible: How Trusted Systems and Digital Property Rights Challenge Us to Rethink Digital Publishing*, 12 BERKELEY TECH. L.J. 137 (1997).

[176] *See supra* note 109 and text accompanying notes 165-67. Inextricable consequences would also arise out of applying some other single law, for example, the law of the country where the collecting society is headquartered. In a pair of cases, courts have stopped short of imposing local remuneration schemes on uses abroad. *See* the *Tariff 22* decision, SOCAN v. Canadian Assoc. of Internet Providers, 19 C.P.R. (4th) 289, ¶ 192 (Fed. Ct. App. 2002) (Canada) (leave for appeal to the Supreme Court granted) (explained *supra* notes 149 and 164); the *Felsberg* decision, BGH (Federal Court of Justice) (Germany), Nov. 7, 2002, 2003 GRUR 328 (explained *supra* notes 160 and 162).

[177] *See generally* Kamiel J. Koelman, *Online Intermediary Liability*, *in* COPYRIGHT AND ELECTRONIC COMMERCE: LEGAL ASPECTS OF COPYRIGHT MANAGEMENT 7 (P. Bernt Hugenholtz ed., 2000) (comparing diverse laws applicable to Internet intermediaries). *See, e.g.*, Directive 2000/31/EC of the European Parliament and of the Council of 8 June 2000 on certain legal aspects of information society services, in particular electronic commerce, in the Internal Market, arts. 12-14, 2000 O.J. (L 178) (allowing injunctions, but excusing monetary liability, against Internet intermediaries in specified cases of acting as a "mere conduit," of "caching," and of "hosting"). For further analysis, see *infra* text accompanying notes 347-48.

[178] W.C.T., *supra* note 103, arts. 11-12; W.P.P.T., *supra* note 103, arts. 18-19. *See* MIHÁLY FICSOR, THE LAW OF COPYRIGHT AND THE INTERNET: THE 1996 WIPO TREATIES, THEIR INTERPRETATION AND IMPLEMENTATION 549-56, 563-66 (2002) [hereinafter FICSOR, THE 1996 WIPO TREATIES]. *See, e.g.*, BBC Enters., Ltd. v. Hi-Tech Xtravision, Ltd., [1992] R.P.C. 195 (H.L. 1991) (U.K.) (confirming cross-border relief against dealings in unauthorized decoders) (further explained *supra* note 140).

full consensus with regard to attributing liability to end-users, for example, for using such devices or services as might serve legitimate purposes pursuant to limitations or exceptions to copyright under national laws.[179] Where laws conflict on point, it may not be appropriate to apply the provisions of a more stringent regime extraterritorially to end-users located in countries whose laws would excuse the activities at issue.[180]

IV. OWNERSHIP: ANALYSIS ALONG THE CHAIN OF TITLE

Copyright transfers constitute what is often called a "chain of title." This metaphor is more suitably employed in the field of real property than in copyright. Title to real property pertains to but one tangible thing fixed in space and, normally, in both Anglo-American and Continental European jurisdictions, is governed by the law effective at the *situs* where the property is located.[181] By contrast, copyright arises in an intangible work that can be generated and disseminated across borders.

With those caveats, the metaphor of chain of title will be used here. The conflicts of law that arise all along the chain of title to copyright, as it crosses borders, are complex and, in the case law, resolved inconsistently.[182] It will nonetheless here be argued that, often enough, such conflicts may be best resolved by applying, wherever permissible, the law which effectuates the consensus of the parties to the transaction at issue. In that light, Part IV.A below will focus on determining the "author," *inter alia*, as the initial vestee of copyright. Part IV.B will ask what laws best govern transfers of copyright by contract. Part IV.C will ask what laws may apply to transfers of copyright by law.

A. Which Initial Owner Anchors Chain of Title?

As a rule, copyright initially vests in the author of the work at issue. However, in hard cases, that general rule hides a multitude of difficulties. These difficulties have to be resolved to anchor chain of title reliably in

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179 *Compare* FICSOR, THE 1996 WIPO TREATIES, *supra* note 178, at 556-63 (regarding the interface between anticircumvention measures and limitations or exceptions), *with* Pamela Samuelson, *The U.S. Digital Agenda at WIPO*, 37 VA. J. INT'L L. 369, 409-18 (1997) (pointing out diplomatic compromises that allowed for the consensus on point but that left margins of the consensus uncertain).

180 *Cf.* Éric Labbé, *L'accès aux dispositifs de neutralisation des oeuvres verouillées: une condition nécessaire à l'exercice d'exceptions au droit d'auteur*, 14 C.P.I. 741 (2002) (comparing differing national laws on point).

181 *See* JOHN G. COLLIER, CONFLICT OF LAWS 241-43, 266, 274 (2d ed. 1994); LOUSSOUARN & BOUREL, *supra* note 9, at 645-46, 649-52, 655-56.

182 For more extensive analyses, see Paul Edward Geller, *International Copyright: An Introduction* §§ 6[2], 6[3], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

initial owners worldwide. Part IV.A.1 will reopen the conflicts toolbox to sharpen up the method of characterization to be used in resolving ownership issues. Part IV.A.2 will sort out the purposes for which the term "author" may be defined and theoretically settle on choosing law to define this term for all purposes. Part IV.A.3 will then focus on hard cases, for which it will propose a practical approach to initially allocating rights.

1. Back to the Conflicts Toolbox: Dépeçage

In the prior analysis, we considered conflicts of laws with regard to infringement issues.[183] Moving from conflicts analysis in pure infringement cases to conflicts analysis in chain-of-title cases is like moving from two- to three-dimensional chess. Ownership issues themselves may be characterized in various ways, for example, as issues of vesting, of transfer by contract, or of transfer by law. We shall see that, while the conflicts of laws that arise with regard to infringement issues are controlled by the Berne/TRIPs regime, conflicts concerning many ownership issues often call for resolution by reference to other, very different conflicts regimes. Indeed, different policies are often at stake in infringement issues than in ownership issues.[184]

Mischaracterizing issues could lead to applying inappropriate laws at various points along the chain of title to copyright worldwide. To keep things simple for the moment, stick to disentangling issues of infringement from issues of contractual transfer.[185] Consider, for example, a contract made in California which purports to transfer copyrights worldwide in a motion picture made in the United States. To what extent should the effects of this contract depend on diverse rules drawn from copyright laws worldwide? For example, when does the French rule against the contractual alienation of moral rights apply? Could such a rule restrict the transferee's options for adapting the work for French showings?[186] Suppose

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183 *See supra* Part III.B.

184 For the role of policies in conflicts analysis generally, see *supra* Part II.B.1; in infringement cases, see *supra* Part III.B.1 and *infra* Part V.B; and, in transfers by contract, see *infra* Parts IV.B.3 and V.C.

185 For the conflicts analysis of transfers by law, see *infra* Part IV.C.

186 *See, e.g.*, the *Asphalt Jungle* decision, Huston c. Turner Entm't, Cass. civ. I (Supreme Court) (France), May 28, 1991, 149 RIDA 197 (1991), *in English translation in* 23 I.I.C. 702 (1992), *followed on remand*, CA (Intermediate Court), chs. réunies, Versailles, Dec. 19, 1994, 164 RIDA 389 (1995) (holding that French moral rights preclude the showing in France of a colorized, U.S.-made motion picture, notwithstanding a U.S. production contract to contrary effect). For commentary, see Bernard Edelman, *Applicable Legislation Regarding Exploitation of Colourized U.S. Films in France: The "John Huston" Case*, 23 I.I.C. 629 (1992); Paul Edward Geller, *French High Court Remands* Huston *Colorization Case*, 39 J. COPR. SOC'Y 252 (1992). For fur-

that the contract states that California law is to govern its effects. To what extent do California contract rules then apply?[187]

Quite different principles come into play here. On the one hand, the principle of national treatment compels applying the copyright law of a given country to infringement in that country. Accordingly, copyright laws are applied to rights available country by country, depending on where exploitation is localized.[188] On the other hand, altogether different principles, notably freedom of contract, lead to governing a contract by the law that the contractual parties choose or by the law consistent with their consensus. Thus many rules governing copyright contracts are applied contract by contract, absent overriding considerations.[189] As a result, very different conflicts regimes may well control the choice of laws applicable to distinct types of issues on which a copyright contract — and, ultimately, chain of title — may depend. Consider an actual French case in which a ghost writer petitioned a French court to apply French rules to a U.S.-made contract.[190] The court characterized the alienation of moral rights as a copyright issue and applied the French rule which disallows the alienation of French moral rights. By contrast, it characterized the reformation of payment terms as a contract issue and let such terms stand in the U.S. contract, which it held to be governed by U.S. contract law.[191]

Cases of copyright contracts thus illustrate the need for issue analysis which, in conflicts parlance, is called "problem selection" or *dépeçage*, a

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ther analysis of moral rights and contracts, see *infra* text accompanying notes 287-302.

187 It may be asked whether the federal character of U.S. intellectual property laws does not, at points, lead to overriding state contract laws. *See, e.g.*, Lear, Inc. v. Adkins, 395 U.S. 653, 670-74 (1975) (overturning a California contract ruling insofar as it validated a clause in a patent license which expanded the statutory monopoly beyond the limits implicit in the U.S. constitutional mandate for copyright and patent law); Vault Corp. v. Quaid Software, Ltd., 847 F.2d 255, 268-70 (5th Cir. 1988) (holding state law on software licensing to be preempted by U.S. copyright law).

188 *See supra* Parts II.C and III.B.

189 For further analysis, see CHRISTOPHER WADLOW, ENFORCEMENT OF INTELLECTUAL PROPERTY IN EUROPEAN AND INTERNATIONAL LAW, ch. 7 (1998); JACQUES RAYNARD, DROIT D'AUTEUR ET CONFLITS DE LOIS 517-666 *passim* (1990); NIKOLA KLEINE, URHEBERRECHTSVERTRÄGE IM INTERNATIONALEN PRIVATRECHT 52-155 *passim* (1986); Mario Fabiani, *Conflicts of Law in International Copyright Assignment Contracts*, 9 ENT. L. REV. 157 (1998); Reuben Stone, *Problems of International Film Distribution: Assignment and Licensing of Copyright and the Conflict of Laws*, 7 ENT. L. REV. 62 (1996).

190 Bragance c. Michel de Grèce, CA (Intermediate Court), 1e ch., Paris (France), Feb. 1, 1989, 142 RIDA 301 (1989).

191 For commentary, see Bernard Edelman, Note, 1989 J. DU DROIT INT'L 1012.

term which may be roughly translated as "separating out."[192] Such issue analysis is part and parcel of the more general phase of conflicts analysis called "characterization" — or, again resorting to the French term, *qualification* — which has already been discussed above.[193] Generally speaking, whether an issue is characterized as an "infringement" issue or as an "ownership" issue determines whether, respectively, either the copyright-conflicts regime or the contract-conflicts or another, related regime governs choosing the law dispositive of the issue.[194] In disentangling such diverse issues all along the chain of title, starting with the initial vesting of rights, we shall continue to formulate issues both from a comparative point of view and with due regard for the treaties.

2. Determining the "Author" for Distinct Purposes

It is often easy to anchor the chain of title to copyright. In most cases, copyright initially vests in the author of a work. Sometimes, however, different laws define the term "author" differently from each other, and conflicts approaches may vary on point. We shall here disentangle the purposes for which the term "author" is defined and the conflicts approaches used for these purposes. It will be argued that the law of the protecting country best defines the term "author" for the purpose of initially vesting copyright. The reason is simple: since such law defines the term "author" for most other purposes, it most consistently defines it for the purpose of vesting as well. However, as explained below, whatever the choice of law to define this term in hard cases, the initial allocation of rights may be made subject to the consensus of the parties to creation.[195]

To start, it may not be necessary to prove full chain of title to obtain standing to assert copyright.[196] The Berne Convention provides that, when

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[192] *Compare* 1 ALBERT A. EHRENZWEIG & ERIK JAYME, PRIVATE INTERNATIONAL LAW 119-21 (1972 [vol. 1], 1973 [vol. 2], 1977 [vol. 3]) (noting acceptance of such analysis in the United States under modern views), *and* 2 BATIFFOL & LAGARDE, *supra* note 8, at 595 (noting such analysis as traditional in Continental Europe).

[193] *See supra* Part II.A.1.

[194] The *Itar-Tass* court recognized this problem. Itar-Tass Russian News Agency v. Russian Kurier, Inc., 153 F.3d 82, 91 (2d Cir. 1998) ("The division of issues, for conflicts purposes, between ownership and infringement issues will not always be as easily made as the above discussion implies."). We, however, have critiqued, and shall further critique, the methodological foundations of this case. *See supra* text accompanying notes 47-51 and *infra* text accompanying notes 199-201 and note 207. We shall therefore not rely on it for any model of issue analysis.

[195] *See infra* Part IV.A.3.

[196] It is unsettled whether standing to sue on copyright is a procedural issue, typically subject to the law of the forum, or a substantive issue, subject to the law of the protecting country. *See generally* 1 RESTATEMENT (SECOND) OF

a person's name appears as the author's on a "work in the usual manner," that person is presumed to be that author with standing to sue.[197] Under the same Berne provision, if the author is not so identified, the "publisher whose name appears on the work" is presumed, absent proof to the contrary, "to represent the author" in suing.[198] However, if a court treats standing and ownership indiscriminately, it risks riding roughshod over the "needs of the international system" that these Berne presumptions of standing help to meet. For example, in the *Itar-Tass* case, the Second Circuit effectively denied standing to a Russian publisher to sue for the infringement of U.S. copyright because, under a convoluted conflicts analysis, the publisher did not prove copyright ownership.[199]

Turn to the further issue of defining the term "author" where protection is sought under domestic law. Normally, if such law applies, whether to protect a work unilaterally or to implement treaty obligations, it defines the term "author" at the same time. For example, the U.S. Copyright Act sets forth the criteria that qualify foreign works for U.S. protection, including an author's nationality.[200] Nonetheless, counsel has to attend to vary-

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CONFLICT OF LAWS § 125 (1988) ("The local law of the forum determines who may and who must be parties to a proceeding unless the substantial rights and duties of the parties would be affected by the determination of this issue."). *Compare* the *Scientology* decision, District Court The Hague (Netherlands), June 9, 1999, AMI 1999, no. 7, at 110, note Kamiel J. Koelman, *in English translation in* [2000] E.C.D.R. 83 (applying Dutch law to determine standing to sue, while applying U.S. law to a U.S.-made license), *and* the *Alf* decision, BGH (Federal Court of Justice) (Germany), June 17, 1992, 1992 GRUR 697, *in English translation in* 24 I.I.C. 539 (1993) (applying German law to determine standing).

197 Berne Convention, *supra* note 17, art. 15(1). *See, e.g.*, the *Bora Bora* decision, BGH (Federal Court of Justice) (Germany), July 10, 1986, 1986 GRUR 887, *in English translation in* 19 I.I.C. 411 (1988) (holding that the mention of names on the printed copies of a song apart from a copyright notice, without specifying contributions to the song by each named party and after first publication of the song, sufficed to trigger Berne standing).

198 Berne Convention, *supra* note 17, art. 15(3). Some laws provide for presumptions of entitlement that arise out of national registrations. *See, e.g.*, Circle Film Enters., Inc. v. Can. Broad. Corp., [1959] S.C.R. 602 (Canada) (holding that a domestic copyright certificate raises presumptions of entitlement overriding the Berne presumptions implemented in domestic legislation).

199 Itar-Tass Russian News Agency v. Russian Kurier, Inc., 153 F.3d 82 (2d Cir. 1998). The court never thought of construing and applying U.S. law to fulfill the treaty goals motivating the Berne presumptions of standing. For a critique of the *Itar-Tass* methodology, see *supra* text accompanying notes 47-51, note 194 itself, and *infra* text accompanying note 201 and note 207 itself.

200 U.S. Copyright Act, 17 U.S.C. § 104(b)(1), (6) (2000). *But cf. id.* § 104A(a)(1)(A) (providing that copyright in a so-called restored work "vests initially in the author or initial rightholder of the work as determined

ing conflicts approaches that the courts may take to determining the "author" in this context. While Anglo-American precedents have tended to apply domestic definitions of the term "author" in protecting foreign works, in the *Itar-Tass* case the Second Circuit applied a different law to find the initial "owner" of copyright.[201] Continental European jurisprudence may also vary on point: still, in the *Huston* case, French law, not any treaty, provided the grounds for protecting the moral rights of a U.S. film director and of a U.S. screen writer, and French law considered these film contributors as authors.[202]

Unfortunately, neither the Berne Convention nor any other copyright treaty, including the TRIPs Agreement, expressly defines the term "author."[203] Furthermore, the courts and commentators vacillate between three distinct approaches to choosing the law which defines the term "author": the law of the country of origin, the law of the protecting country, and the law implicit in the treaty text.[204] The first option seems implausible for the simple reason that the Berne Convention and other copyright treaties include references to the law of the country of origin only in expressly limited exceptions and, in all other cases, require national treat-

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by the law of the source country"). *See, e.g.*, Alameda Films v. Authors Rights Restoration Corp., 331 F.2d 472 (5th Cir. 2003) (applying Mexican law, ostensibly to define a corporate "author" of films).

201 *See, e.g.*, Autoskill, Inc. v. Nat'l Educ. Support Sys., Inc., 994 F.2d 1476, 1487-90 (10th Cir. 1993) (applying U.S. law in favor of a Canadian corporation as the author of a work for hire in a case of U.S. infringement); Sygma Photo News, Inc. v. Globe Int'l, Inc., 616 F. Supp. 1153, 1156 (S.D.N.Y. 1985) (applying U.S. law to find that a British photographer was the author of the work at issue in a case of U.S. infringement); Pro Arts v. Campus Crafts Holdings, Ltd., 110 D.L.R. 3d 366, 370-73 (Ont. Ct. of Justice 1980) (Canada) (applying Canadian law to determine authorship and ownership of a U.S.-made poster in a case of Canadian infringement). *But see* Itar-Tass Russian News Agency v. Russian Kurier, Inc., 153 F.3d 82, 89-94 (2d Cir. 1998) (applying Russian law to the issue of ownership of a Russian work in a case of U.S. infringement) (also discussed *supra* text accompanying notes 47-51, note 194 itself, and text accompanying note 199, and *infra* note 207).

202 The *Asphalt Jungle* decision, Huston c. Turner Entm't, Cass. civ. I (Supreme Court) (France), May 28, 1991, 149 RIDA 197 (1991), *in English translation in* 23 I.I.C. 702 (1992), *followed on remand*, CA (Intermediate Court), chs. réunies, Versailles, Dec. 19, 1994, 164 RIDA 389 (1995) (cited with commentary *supra* note 186). French jurisprudence, however, is far from consistent in choosing law to determine authorship or initial ownership. *See* LUCAS & LUCAS, *supra* note 13, at 767-808 *passim*.

203 *Cf.* CLAUDE MASOUYÉ, GUIDE TO THE BERNE CONVENTION 11 (WIPO, 1978) (noting that this gap in the Berne text avoids a confrontation between countries with opposing provisions on point).

204 For a systematic review of these positions, see Paul Edward Geller, *International Copyright: An Introduction* § 4[2][a][ii], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

ment subject to minimum rights; the definition of the term "author" is not included among those exceptional issues for which the law of the country of origin is dispositive.[205] By parity of reasoning, not only does the key treaty principle of national treatment weigh in favor of applying the law of the protecting country to define the term "author," but this choice of law has the advantage of coinciding with the rule normally followed when domestic provisions form grounds for protection.[206] Thus it assures a consistent approach — one which minimizes conflicts problems — with regard to the definition of the "author" within the international system.[207]

Now we come to the question critical for anchoring chain of title: How to determine the "author" as the party in whom copyright initially vests? On the one hand, in cases such as international coproductions and the collaboration of creators through global networks, discussed below, it can be hard to locate any single originating or source country, whose law could uniformly define an initial vestee.[208] On the other hand, in other hard cases, also explained below, the laws of different protecting countries can determine different initial vestees of rights in the same work, for example, the same joint or audiovisual work.[209] Nonetheless, in theory, it seems preferable, to the extent that these various difficulties balance out, to follow the simplest and most consistent approach of defining the term "author" by the same law for most purposes, that is, by the law of the protecting country.[210] In practice, whatever laws are applied, they do not often conflict: the same party ends up defined as the "author" vested with copyright. Only in hard cases, where true conflicts arise, is it necessary to proceed to the next step of analysis.

3. Initial Owners in Hard Cases: Team/Employees' Works

Copyright generally first vests in the author or authors of the work at issue. Under all copyright laws, the "author" of a work is most often the

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205 *See* RICKETSON, *supra* note 56, at 157-59.

206 *See supra* text accompanying notes 200-02. *See also supra* note 55 (noting that the E.C. Treaty imposes national treatment for E.C. claimants in any E.C. country, ostensibly compelling the application of the national definition of "author").

207 *Inter alia*, this approach minimizes the problem of *dépeçage* which plagued the *Itar-Tass* court, as cited *supra* note 194. For a comparable approach, see Adolf Dietz, *The Concept of Author under the Berne Convention*, 155 RIDA 2 (1993).

208 *See infra* text accompanying notes 217-18 and 224-29. Other, rather technical difficulties could also arise in determining the Berne "country of origin." *See* Paul Edward Geller, *International Copyright: An Introduction* § 4[3][b][ii], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

209 *See infra* text accompanying notes 212-15.

210 *See supra* text accompanying notes 200-07.

natural person who actually creates something that copyright protects: the writer of text; the composer of music; both in the case of a song; and so on. In most cases, then, to the extent that all arguably applicable laws initially vest copyright in such a flesh-and-blood creator, there are only false conflicts of laws with regard to such vesting. As explained above, in cases of false conflicts, courts need only reach the same result as the arguably applicable laws dictate, so that, here, chain of title to copyright may be anchored in the flesh-and-blood creator that such laws designate as the author.[211] In hard cases, however, conflicts of laws do arise, notably when these laws do not initially vest rights in the same flesh-and-blood creators or when they vest rights in other parties, for example, in producers or employers.

Hard cases arise with regard to initial vesting only when the work at issue originates out of actual relationships among two or more parties. Either the work originates out of the activities of many creators, who collaborate with each other, or the work originates out of activities that one or many creators undertake as agents in relations with a principal, such as a producer or employer. Consider, first, *joint* or *collaborative works*: in theory, rights initially vest in the coauthors who together contribute creative materials to such a work. However, in practice, different laws may identify these coauthors differently to the extent that they apply different criteria of joint or collaborative works.[212] Second, there are *collective* and *audiovisual works*, in which the laws of some, but not all, countries initially vest rights in a principal, such as the publisher or producer of the work at issue.[213] The laws of some countries, however, vest rights in audiovisual works in members of a creative team, such as the director, screenwriter, etc., and some laws vest such rights in both creators and the producer.[214]

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211 *See supra* Part II.A.2.

212 *See, e.g.*, Alberto Musso, *Italy* § 4[1][a], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining the Italian criterion of the inseparability of contributions and special criteria for particular kinds of joint works, like operas, ballets, etc.); Adolf Dietz, *Germany* § 4[1][a], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining that the German criterion of joint works requires inseparable contributions at the level of exploitation); Eric Schwartz, *United States* § 4[1][a][i], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining that, under U.S. law, collaboration must occur with the intent to merge contributions).

213 *See, e.g.*, André Lucas & Pascal Kamina, *France* § 4[2][b][i][A], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1; Mihály Ficsor, *Hungary* § 4[2][b], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1; Alberto Bercovitz & German Bercovitz, *Spain* § 4[2][b][i], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (all explaining that these laws vest rights in collective works in the publisher or other principal).

214 For the U.S. law on point, treating audiovisual works either as joint works or as works for hire, see F. Jay Dougherty, *Not a Spike Lee Joint? Issues in the*

Third, there are *works made on the job*, in which different laws variously vest rights of use, or outright ownership, in flesh-and-blood creators or employers.[215]

In such hard cases, different courts, even within the same jurisdiction, might apply different choice-of-law rules to determine first vesting.[216] On the one hand, some courts apply the vesting rules of some supposed country of origin or source country; on the other, some apply the vesting rules of the protecting country. However, to apply the law of a country of origin or source country consistently, courts would need a stable criterion for identifying that country, but no such criterion seems available in many cases.[217] We shall, in a moment, consider the examples of an audiovisual work coproduced in a pair of countries, with a producer headquartered in each, and of creation undertaken across the Internet, where there just is no singular point of origin or source.[218] It has here been proposed to apply the law of the protecting country to define the term "author," if only to avoid splitting the cluster of issues of rights normally subject to such law, especially for purposes of protecting a foreign work.[219] For hard cases where vesting rules conflict, we propose the rule of thumb: *However rights vest, initially allocate the rights consistently with the consensus of the parties to the transactions leading to the creation of the work.*

Return to our hard cases: joint works, collective and audiovisual works, and works made on the job. Such works are made either by many

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Authorship of Motion Pictures under U.S. Copyright Law, 49 UCLA L. REV. 225 (2001); for European laws on point, now somewhat harmonized, see PASCAL KAMINA, FILM COPYRIGHT IN THE EUROPEAN UNION, ch. 4 (2002).

215 *See, e.g.*, Xue Hong, *China* § 4[1][b], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining Chinese rules for different cases of works made on the job); Herman Cohen Jehoram, *Netherlands* § 4[1][b], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (explaining the Dutch mix of different rules and definitions on point).

216 *See, e.g.*, André Lucas & Pascal Kamina, *France* § 6[1][b][i], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1; Eric Schwartz, *United States* § 4[1][b][i], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (both indicating that courts vacillate in choosing laws for purposes of vesting rights).

217 *See* Paul Edward Geller, *International Copyright: An Introduction* § 4[3][b][ii], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1 (indicating difficulties in determining the Berne "country of origin"). *Cf.* Jane C. Ginsburg, *International Copyright: From a "Bundle" of National Copyright Laws to a Supranational Code?*, 47 J. COPR. SOC'Y 265, 283-85 (2000) [hereinafter Ginsburg, *Supranational Code*] (vacillating with regard to the "country of origin," admitting that this Berne notion is difficult to apply in Internet cases, and then invoking the open-ended notion of the country with "the most significant relationship" to creation).

218 *See infra* text accompanying notes 224-29.

219 *See supra* text accompanying notes 200-10.

contributing creators, often in agency relations with a principal, or by a single author working for a principal. The moment that such parties come together to produce a work, they most often have some prior agreement or consensus regarding their respective rights in this work. Suppose that this agreement allocates rights in the projected work — either, in the case of a joint work, among its multiple creators or, in the other cases, between the creator or creators and any principal. This agreement, if enforceable under the law applicable to it, should govern which parties initially hold which rights in the work, for the simple reason that this consensual solution would most reliably effectuate the parties' expectations.[220] By the same token, to the extent that no agreement may be reasonably read into the parties' transactions, whatever law would have properly governed such an agreement, had it existed, would reliably control the initial allocation of rights. This approach applies across the board to all the hard cases canvassed here, without the need for different rules for analytically distinct, but often-overlapping, categories of works, such as collective or audiovisual works and works made on the job.

To test this approach, consider a work made on the job. Under German law, copyright in such a work vests in its flesh-and-blood creator, subject to such employer's claims as flow from the employment relationship; by contrast, U.S. law vests copyright in the employer, who is defined as the "author."[221] For a theoretical moment, the approach proposed here would initially vest different national rights in this work made on the job, and in all works of whatever category, under the laws of the protecting countries respectively granting the rights. For example, copyright would vest according to German law for purposes of German exploitation, according to U.S. law for purposes of U.S. exploitation, and indeed according to the laws of hundreds of countries, right by right. But in practice, this approach would subject the allocation of rights in the work created in Germany to any German agreement between the parties or, absent their clear consensus, to German law on point.[222] Recall our argument: the au-

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220 For the laws applicable to copyright contracts, see *infra* Part IV.B.

221 *Compare* Germany, Gesetz über Urheberrecht und verwandte Schutzrechte (Law dealing with Copyright and Related Rights, as last amended by the Law of Sept. 10, 2003), § 43, *available at* http://bundesrecht.juris.de/bundesrecht/urhg (last visited Jan. 14, 2004) (vesting rights in an employed author "provided nothing to the contrary transpires from the terms or nature of the contract of employment"), *with* U.S. Copyright Act, 17 U.S.C. § 101 (2000) (defining "work made for hire," with the proviso that the work fall "within the scope of [the creator's] employment").

222 As indicated below, rules of form for copyright contracts, especially requirements of a written contractual instrument, are normally subject to the contract-conflicts regime. *See infra* text accompanying notes 257-60. Thus, an oral German agreement could apply in conformity with German law with-

thor and employer on the spot in Germany, where the work was created, could have reasonably expected such an agreement or corresponding German law to govern the allocation of rights. However, this approach would have a different result in the case of a work made by a U.S. employee within the scope of U.S. employment. If there were no agreement to the contrary, the employer would obtain U.S. copyright in that work and all corresponding rights worldwide.[223]

What if the transactions leading to the creation of a work are not centered in one jurisdiction? Such a case could and increasingly often does arise, for example, when a film work is coproduced in different countries, say, by producers headquartered in these different countries. Of course, in such a case, the approach vesting copyright under the law of a supposed "country of origin" or "source country" would tend simply to ignore any contractual processes that brought together the creators and producers of the work.[224] Consistently with the approach proposed here, article 14*bis* of the Berne Convention provides that "[o]wnership of copyright in a cinematographic work shall be a matter for legislation in the country where protection is claimed." Nonetheless, whatever the initial vesting of copyright in our hypothetical film work in one protecting country or another, the allocation of copyright is subject to any contractual arrangement between the parties participating in the creation of the work.[225] It thus has to be asked whether the coproduction contracts for such a cosmopolitan work included any valid choice-of-law clause, and the

out conflicting with the requirement in U.S. law of a "written instrument" to effectuate any U.S. allocation of rights in certain cases of specially ordered or commissioned works. *See* U.S. Copyright Act, 17 U.S.C. § 101 (2000) ("work made for hire").

223 But the U.S. work-for-hire provisions need only vest in employers those types of foreign rights akin to those restrictively enumerated inside the U.S. copyright "bundle," leaving open the allocation of foreign rights that fall outside that enumeration, notably moral rights.

224 Vesting copyright in the "author" by referring to the definition of that term in any "country of origin" would be circular to the extent that such a country would be determined by any author's nationality. Referring to the definition in the country where the producer is headquartered would be impossible if there were joint producers, each headquartered in a different country. Reference to definitions turning on other factors, such as first publication, would not necessarily have any relation to underlying contracts. *See* Berne Convention, *supra* note 17, art. 5(4). For further analysis, see Paul Edward Geller, *International Copyright: An Introduction* § 4[3][b][ii], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

225 *See, e.g.*, the *Spielbankaffaire* decision, BGH (Federal Court of Justice) (Germany), Oct. 2, 1997, 1999 GRUR 152, *and in English translation in* 30 I.I.C. 227 (1999) (holding that the laws of the protecting countries respectively determine the initial vestees of copyright in an audiovisual work, while considering that this vesting may be subject to subsequent contractual alloca-

contracts would govern the allocation of rights, subject to any validly chosen law. This approach would also respect any provision in a contract which anchored chain of title in the work by clearly allocating to one party rights arguably vested in creators under diverse laws.[226]

Suppose that colleagues from the four corners of the earth, via the Internet, collaboratively created a work and then posted the work on the Internet. In such a case, as in the case of the coproduced film work just considered, it would be futile to look for any single originating or source country whose law could sensibly govern the initial allocation of rights in the work.[227] A court would, as in the case of the coproduced film, respect the creators' expectations more closely by asking how the consensus bringing the creators together would most reasonably control the allocation of copyright in the work. What if there were no decisive evidence of the parties' understanding regarding that allocation of rights, much less of the law that they would have reasonably expected to have applied to their agreement? In such a hard case, the court could only apply common standards regarding the allocation of rights among the creators and any eventual principal.[228] That is, the court would have to accommodate diverse laws common to the relevant parties in working out an allocation appropriate to the case.[229]

B. What Rules Apply to Transfers by Contract?

Assume that chain of title is anchored in an initial owner of copyright. Assume, too, that this owner undertakes to transfer rights worldwide by contract. Confronted by a purported transfer of copyright by contract, a court has to ask: On which issues do the effects of the transfer turn — on copyright or contract issues?[230] In Part IV.B.1, we shall consider issues subject to the copyright-conflicts regime and, in Part IV.B.2, issues subject

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tion), *on remand*, OLG (Intermediate Court), Munich, Jan. 10, 2002, 2003 ZEITSCHRIFT FÜR URHEBER- U. MEDIENRECHT 141.

226 Note that this result would affect the allocation of rights in the coproduced audiovisual work, not criteria of eligibility such as an author's national status or a producer's habitual residence or headquarters, on the basis of which the work may be protected internationally. *See supra* text accompanying notes 200-07.

227 *See supra* text accompanying notes 208, 217-18, and 224.

228 *Cf.* Micro Star v. FormGen, Inc., 154 F.3d 1107 (9th Cir. 1998) (holding the manufacturer to be the author of an original videogame underlying derivative videogames that end-users created on the basis of the original work and posted on the manufacturer's website).

229 For other instances of judicial accommodation, see *supra* text accompanying notes 132-35 and 168-72 and *infra* text accompanying notes 290-302 and 313.

230 *See supra* Part IV.A.1. For more extensive analysis, see Paul Edward Geller, *International Copyright: An Introduction* § 6[2], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1.

to the contract-conflicts regime. After that, in Part IV.B.3, we shall deal with hard cases arising from tensions between the regimes themselves.

1. The Copyright Regime: Author-Protective Rules

The copyright-conflicts regime dictates that *the law of the protecting country* governs rights exploited within that country. Return to our hypothetical contract which purports to transfer rights worldwide in a U.S.-made motion picture: the law of each protecting country governs a bundle of domestic rights subject to the transfer.[231] Suppose, for example, that Buster Keaton had authored the motion picture in our transfer: economic rights in his works, which date back to the silent-film era, are still protected by German law, but no longer by French law.[232] Any transfer of economic rights worldwide would convey rights still effective under German law, but have no effect for economic rights lapsed in France. Similarly, whether there are other national rights available for transfer depends on the law of each country under which the rights are claimed. To what extent should the further effects of the contract itself also be subject to a multiplicity of laws, country by country?

To reiterate a point made above, the principle of national treatment, at the heart of the copyright-conflicts regime, dictates a country-by-country approach to rights.[233] For each country, we have to ask: Does the bundle of rights recognized by the national copyright law include any contract-relevant rule that affects whether or how such rights may be transferred? If it does, then, pursuant to the principle of national treatment, just as a national author may assert the right comprising that contract-relevant rule, so may a foreign author ask to have the same rule applied.[234] Thus, in theory, if a substantive author's right, falling within the scope of copyright, were so defined in a country's law that it necessarily entailed applying a contract-relevant rule in favor of any national author in all cases, that rule would apply to protect a foreign author who enjoyed national treatment in the country. Let us proceed directly to some practical examples: most dramatically, there is the rule that precludes the contractual waiver of moral

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231 *See supra* text accompanying notes 186-87.

232 *Compare* the German *Keaton* decision, BGH (Federal Court of Justice), Jan. 27, 1978, 1979 GRUR INT. 50, *in English translation in* 10 I.I.C. 358 (1979), *with* the French *Keaton* decision, S.A. Galba Films c. M. Friedman, CA (Intermediate Court), Paris, 1re ch., Apr. 24, 1974, 83 RIDA 106 (1975), *in English translation in* 7 I.I.C. 130 (1976), *aff'd*, Cass. civ. I (Supreme Court), Dec. 15, 1975, 88 RIDA 115 (1976) (both referenced *supra* note 169).

233 *See supra* Parts II.C and III.B.

234 *See supra* text accompanying notes 54-57.

rights, with which we shall deal at length below.[235] Consider, for now, other examples of author-protective rules.

For example, reversionary interests in copyright sometimes resist contractual transfer. Under the U.K. Copyright Act of 1911, an author could not assign rights in most works for the term which extended beyond twenty-five years after the author's death. Consequently, British copyright assigned by an author to a third party reverted back into the author's estate once the twenty-five-year *post mortem* period lapsed.[236] In one case, the French composer Ravel had contractually transferred all rights worldwide in his orchestration of Mussorgsky's *Pictures at an Exhibition*, and a French court later applied the reversionary British provisions to the British rights, holding these to be vested in the composer's estate.[237] The British *Redwood* cases held that, even though New York contract law governed certain agreements at issue in these cases, British copyright law required that an author's estate conclude an "express agreement" after the passing of the 1911 Act to convey the reversionary right to a third party.[238] Here the national law formulating the right subject to the contract was critical in determining the transferability of the right.[239] Similar issues

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[235] *See infra* text accompanying notes 287-302.

[236] U.K. Copyright Act, 1911, 1 & 2 Geo. 5, c. 46, §§ 5(2), 24(1) (Eng.), *as presently effective pursuant to* Copyright, Designs and Patents Act, 1988, c. 48, sched. 1 ¶¶ 27, 28 (Eng.), *available at* http://www.patent.gov.uk/copy/legislation/copyiaw.htm. Generally, the 1911 provisions concerning reversionary rights continue to have effect by virtue of still-operative rules in Canada and of transitional provisions elsewhere where the 1911 Act once applied. *See* Brad Sherman, *Australia* § 4[3][e], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1; Ysolde Gendreau, *Canada* § 4[3][b], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1; Lionel Bently, *United Kingdom* § 4[3][d], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1. For a comparative analysis focusing on a variety of practical problems, see Rosina Harris, *Reversionary Rights in the United Kingdom and Canada*, 30 J. COPR. SOC'Y 544 (1983).

[237] Sté. Boosey & Hawkes, Ltd. c. Taverne, Trib. civ., Bayonne (France), May 16, 1972 (unreported), *as commented by* Henri Desbois, Note, 25 REV. TRIM. DROIT COMMERCIAL 624 (1972).

[238] Redwood Music., Ltd. v. B. Feldman & Co., Ltd., [1979] R.P.C. 385, 395-406 (C.A. 1979) (U.K.) (refusing to imply a transfer of the U.K. twenty-five-year interest from a contract referring to U.S. renewal rights, but allowing transfer by language referring to worldwide rights), *aff'd sub nom.*, Chappell & Co., Ltd. v. Redwood Music, Ltd., [1981] R.P.C. 337 (H.L. 1980) (U.K.). *See also* Peer Int'l Corp. v. Termidor Music Publishers, Ltd., [2003] E.C.D.R. 221, 240-43 (Ch. 2002) (U.K.) (giving effect to agreements by heirs to transfer reversionary interests).

[239] *Cf.* Campbell Connelly & Co., Ltd. v. Noble, [1963] 1 All E.R. 237 (Ch. 1962) (U.K.) (referring to U.S. law to ascertain "*the precise nature* [italics added] of that to which it [the contract] is claimed to apply," in determining whether U.S. renewal rights were susceptible of transfer). For further analysis, see Stone, *supra* note 189, at 65-73.

have arisen with regard to the reversion of analogous rights under other laws.[240]

Unfortunately, it is not always easy to discern which contract-relevant rules follow from the very definition of copyright. More particularly, it is not always clear when a national law so tightly includes such a rule within a given copyright bundle of rights that national treatment compels applying this rule whenever that national law is applied. One noted commentator would have us look to "the legal nature of the right as imprinted by the law of the protecting country" in determining the extent to which any right under copyright may be contractually transferred.[241] But, in specific jurisdictions, the theories of "the legal nature" of this or that right are often mixed up in practical policy decisions, especially when law-makers formulate contract-relevant rules to defuse local tensions between authors' interests and commercial needs.[242] The following rough-and-ready test may begin inquiry to sort out issues as those subject to copyright rules applicable pursuant to national treatment: Does the rule in question necessarily apply the same way to foreign and domestic claimants? If not, the foreign claimant may not necessarily receive the same treatment as a domestic claimant, and national treatment may not be, strictly speaking, available.

Consider, for example, rules that purport to override the actual provisions of contracts. For example, Germany has recently instituted such rules, which are intended to assure authors of "equitable" remuneration.[243] Also, the E.C. Rental Directive introduced the rule that, where an author has transferred his rental right to a producer, that author retains an

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240 For U.S. termination provisions, see U.S. Copyright Act, 17 U.S.C. §§ 203, 304(c), (d) (2000). For analysis of one cross-border case, in which the transfer of U.S. renewal rights was at issue, see *infra* text accompanying notes 283-86. Analogous issues may arise, albeit rarely, in other systems with regard to the effects that transfers may have on entitlements to benefit from term extensions. *Compare* the *Ave Maria* decision, Cass. civ. 1 (Supreme Court) (France), June 21, 1961, 33 RIDA 108 (1961) (holding that a contract could convey copyright with an extended term from the author to assignee), *with* the *Colette* decision, CA (Intermediate Court), 4e ch., Paris (France), Apr. 12, 2002, 194 RIDA 315 (2002) (applying laws of the protecting countries to determine whether rights in extended terms subsequently instituted in different countries, respectively, benefit authors, their heirs, or contractual transferees).

241 ULMER, CONFLICT OF LAWS, *supra* note 49, at 46.

242 *Compare* György Boytha, *National Legislation on Authors' Contracts in Countries Following Continental European Legal Traditions*, 1991 COPYRIGHT 198, 200-02 [hereinafter Boytha, *Authors' Contracts*] (explaining that the Continental European approach favors authors), *with* Denis de Freitas, *Copyright Contracts*, 1991 COPYRIGHT 222, 258 (giving the Anglo-American view, for which commerce determines suitable terms).

243 Germany, Gesetz über Urheberrecht und verwandte Schutzrechte, *supra* note 221, §§ 32, 32a. For further analysis, see Wilhelm Nordemann, *A Revolu-*

unwaivable right to obtain an "equitable" remuneration for rentals.[244] Following our analysis, we have to ask: Are the standards determining the "equity" of remuneration such that the rule in question necessarily applies the same way to foreign and domestic authors? Such standards arise out of the situation of the parties to the contract at issue, for example, out of considerations varying from party expectations to trade practices, as well as out of local law conditioning such expectations and practices.[245] In evaluating "equity" in this context, a court, looking to such locally differing considerations, may apply the rules of remuneration quite differently to foreign and domestic authors. This variation would disqualify the issue of the "equity" of remuneration for strict national treatment country by country.[246]

2. *The Contract Regime: Form; Interpretation; Mandatory Terms*

The contract-conflicts regime determines *the law of the contract.* As a general rule, this regime tends to favor applying one contract law to purely contract issues raised by a given agreement. Recall our hypothetical contract which purports to transfer copyright worldwide in a motion picture: it contains a choice-of-law clause which would have California contract law apply to it.[247] If enforced, this clause would apply this single law to issues characterized as contract issues, for example, typically, formalities, interpretation, performance, etc. Thus, on such issues, the contract would optimally be subject to the law of one jurisdiction, the so-called law of the contract, irrespective of the panoply of diverse national rights that it trans-

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tion of Copyright in Germany, 49 J. COPR. SOC'Y 1041 (2002). For analysis of analogous French rules, see *infra* text accompanying notes 266-69.

244 Directive 92/100/EEC on the rental right, the lending right, and on certain rights related to copyright, art. 4, 1992 O.J. (L 346). For a critical analysis of one example of implementation, see Juan José García & Carolina Pina, *Rental Rights and Lending Rights in Spain*, 17 E.I.P.R. 449, 451-52 (1995).

245 A standard of equity possibly different than that of forum law is not a rule of law dispositive of any issue, but only serves as a *datum* in the case, that is, as a predicate for a dispositive rule. *See* Brainerd Currie, *On the Displacement of the Law of the Forum* (58 COLUM. L. REV. 964 [1958]), *in* SELECTED ESSAYS ON THE CONFLICT OF LAWS 3, 69-74 (1963). *See also* 1 EHRENZWEIG & JAYME, *supra* note 192, at 83-85; 3 *id.* at 9-11 (observing that a foreign standard of equity may be noticed by a court).

246 Note that German law purports to make these rules mandatory relative to German exploitation. *See* Germany, Gesetz über Urheberrecht und verwandte Schutzrechte, *supra* note 221, § 32b. *But cf.* Reto M. Hilty & Alexander Peukert, *Das neue deutsche Urhebervertragsrecht im internationalen Kontext*, 2002 GRUR INT. 643 (critiquing the attempt to apply these German rules to foreign contracts).

247 *See supra* text accompanying notes 185-87.

ferred.[248] It is thus critical to ask: What effects of a copyright contract should turn on purely contract rules?

The *Second Restatement of Conflict of Laws* recapitulates U.S. criteria for the choice of contract law.[249] In Europe, the Rome Contracts Convention most notably codifies principles and rules that are to guide choosing such law.[250] While their styles differ, these authoritative texts tend to confirm applying the choice of law freely agreed upon by the parties to any given contract. Absent an effective choice of law by the parties, the contract-conflicts regime most often dictates applying the contract rules of whatever jurisdiction is local to the contractual parties or, in some cases, to the underlying transactions or performance.[251] This gravitation towards the law of the *situs* of the contractual process seems to rest on the premise that, absent an express choice of law, the parties would have reasonably expected such local law to apply to their contract. Thus it reconfirms the larger principle that the parties should, absent overriding considerations, be free to choose the law applicable to the contract.[252]

While the contract-conflicts regime generally favors the freedom and reliability of consensual transactions, it sometimes takes account of more

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248 It is generally preferable to apply the law of one jurisdiction to all contract issues raised by a given agreement, for the simple reason that a multiplication of laws governing any one agreement could undermine the reliability of the contractual process. *Compare* 1 RABEL, *supra* note 8, at 100-01 (arguing in favor of applying "one convenient law" to entire contract "so far as feasible" and warning that "a contract should not be split on *a priori* grounds"), *with* 1 EHRENZWEIG & JAYME, *supra* note 192, at 119-21, *and* 3 *id.* at 9 (grouping issues by what he calls *compéçage* or what might be translated as "aggregative problem situation," but at the same time expressing reservations toward positions such as Rabel's and that of the U.S. Uniform Commercial Code, which seek one law "applicable to the entire transaction").

249 *See* 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS §§ 186, 187 (1988).

250 E.C. Convention of June 19, 1980, on the Law applicable to Contractual Obligations, arts. 3, 8, 9, 11 [hereinafter Rome Contracts Convention], 1998 O.J. (C 1027/34). For a seminal study with reference to intellectual property generally, see ULMER, CONFLICT OF LAWS, *supra* note 49, at 1-53 *passim*; for recent commentary, see WADLOW, *supra* note 189, ch. 7.

251 What "local" might mean here may vary. The U.S. *Restatement* sets out flexible criteria. *See* 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 188 (1988). The Rome Contracts Convention in appropriate cases applies the law of the country of the party who is to render the "characteristic performance" under the contract. *See* Rome Contracts Convention, *supra* note 250, art. 4.

252 *See generally* 3 EHRENZWEIG & JAYME, *supra* note 192, at 30-33 (confirming the trend in the common and civil laws to apply such contract rules as validate the agreements of the parties); WADLOW, *supra* note 189, 425-26 (analyzing the Rome Contracts Convention relative to intellectual property, starting with the application of the law freely chosen by the parties).

specific public policies.[253] A miscellany of policies may variously bear on the choice of law for copyright contracts: these range from protecting authors to facilitating media commerce. However, it can often be difficult to discern the cross-border relevance of such policies, if only because lawmakers have historically tended to be provincial in this field. More often than not, they have remained focused on largely local parties and interests in developing contract-relevant rules for copyright matters.[254] A court may find some guidance, when disentangling contract from copyright issues, by looking to the source of the rules in question. In a common-law system, one may ask whether the type of rule in question usually arises out of the common law of contracts. In a civil law system, one may ask whether the type of rule is to be found in the contractual provisions of a civil or commercial code.[255] But even where the rules invoked bear traces of contractual sources, there may still be copyright policies to consider in particular cases. The burden lies with the party seeking to undo a contractual transaction to show that such countervailing policies should prevail.[256]

Consider formalities. Should a transfer of copyright be in writing? Should the contract specifically mention the rights to be transferred? Following the approach just proposed, the contract-conflicts regime applies the law of the contract to such issues. That would be, most notably, the law consistent with the choice of the parties or, absent such choice, that of the jurisdiction local to the contractual process.[257] Rules of form may be

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253 *Compare* 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS §§ 187(2)(b) (1988) (conditioning party choice of law by reference to matters of "fundamental policy"), *with* Rome Contracts Convention, *supra* note 250, arts. 3(3), 5-6, 7, 16 (setting out complex provisions determining when considerations of public policy, including *ordre public*, as well as so-called mandatory rules of law codifying such policy, may override normally applicable contract law).

254 *Cf.* ADOLF DIETZ, COPYRIGHT LAW IN THE EUROPEAN COMMUNITY: A COMPARATIVE INVESTIGATION OF NATIONAL COPYRIGHT LEGISLATION, WITH SPECIAL REFERENCE TO THE PROVISIONS OF THE TREATY ESTABLISHING THE EUROPEAN ECONOMIC COMMUNITY 190-212 *passim* (1978) (outlining European rules that often represent nationally specific compromises between conflicting interests of authors, media entrepreneurs, and the public).

255 For a comparative analysis distinguishing general contract rules from contract-relevant rules specific to the field of copyright, see EHRHARD E. LIEBRECHT, DIE ZWECKÜBERTRAGUNGSLEHRE IM AUSLÄNDISCHEN URHEBERRECHT: DEUTSCHSPRACHIGE LÄNDER UND EUROPÄISCHE GEMEINSCHAFT (1983).

256 *Compare* Melville B. Nimmer, *Who is the Copyright Owner When Laws Conflict?*, 5 I.I.C. 62 (1974) (favoring enforcing agreements), *with* Paul Katzenberger, *Protection of the Author as the Weaker Party to a Contract under International Copyright Contract Law*, 19 I.I.C. 731 (1988) (favoring author-protective policies).

257 *See supra* text accompanying notes 249-52.

intended to keep authors from making hasty and ill-considered transfers or to protect authors as weaker partners bargaining with producers or media enterprises. Nonetheless, most courts subject the form of copyright contracts to the law of the contract, even when a rule of form is invoked to protect an author who is a party to the transactions at issue.[258] Very rarely, courts or commentators may draw a distinction between procedural and contract rules that effectively require agreements to be reduced to writing. A rule characterized as procedural, for example, a rule requiring a writing as competent evidence of an agreement, could be made subject to forum law.[259] But under the analysis broached here, a contract rule, predicating the enforceability of an agreement on a writing, would be subject to the law of the contract. One U.S. decision which imposed such a writing requirement under forum law must be disapproved for failing to inquire into the law of the contract.[260]

Issues of form may shade into issues of interpretation. Consider this hypothetical example: A U.S. national writes a hit song. Then, in a contract concluded in the United States, she assigns copyright in the song worldwide to a U.S. publisher, irrevocably for all media, known or unknown. Different countries may have rules that would, or could, lead to invalidating this open-ended transfer relative to local rights, or to all rights, to exploit the hit in unknown media. On the one hand, German copyright law now codifies the rule that an author's contract is not enforceable to grant rights for media that were unknown at the time of contracting.[261] One noted German commentator suggests that this is a

258 *See, e.g.*, Wegman c. Sté. Elsevier Science, CA (Intermediate Court), 4e ch., Paris (France), June 2, 1999, 183 RIDA 302 (2000) (holding that U.K. law governed the form of the alleged contract, for which the characteristic performance was to take place in the United Kingdom); I.P.C. Magazines, Ltd. et Sté. Syndication Int'l c. Guy Mouminoux, CA (Intermediate Court), 1e ch., Lyon (France), Mar. 16, 1989, 144 RIDA 227 (1990) (applying the British rule to a contract between a French author and the British agency to allow a grant to subsequent parties of the rights in French second editions, even though the French rule required the contract to mention such rights expressly).

259 For an overview of this characterization problem in U.S. law, see 73 AM. JUR. 2D §§ 493-496 (2003). However, the authorities disfavor treating writing requirements as procedural for conflicts purposes. *See* 1 RESTATEMENT (SECOND) OF CONFLICT OF LAWS § 141 (1988); 1 RABEL, *supra* note 8, at 50-52.

260 Radio Television Espanola S.A. v. New World Entm't, Ltd., 183 F.3d 922 (9th Cir. 1999). Strangely, the court failed to understand that Spanish, not U.S. rights, were being licensed, leaving performance in Spain and thus tipping the scale in favor of applying Spanish law to the contract. *See id.* at 926 n.3.

261 Germany, Gesetz über Urheberrecht und verwandte Schutzrechte, *supra* note 221, § 31(4). *See* EUGEN ULMER, URHEBER UND VERLAGSRECHT 363-64 (3d ed. 1980). French law, by contrast, conditions any such transfer by requiring it to be made in an express clause which provides for profit sharing.

copyright rule, not a contract rule, so that a court following his approach would apply the German rule to our hypothetical contract, precluding it from conveying German rights relative to unknown media.[262] On the other hand, many laws have rules of restrictive construction, under which an author's contract is rebuttably presumed not to transfer her rights to exploit works in given media if the contract does not expressly specify the rights relative to the media at issue.[263] If a court treats construction as a contract issue, it may apply U.S. law to our hypothetical contract, since U.S. parties concluded the contract locally: then whatever U.S. rule governed contractually unspecified rights and media would apply to transferring such rights worldwide.[264] In such cases of open-ended contractual terms of transfer, counsel should ask whether all arguably applicable laws, to the extent that they include rules of restrictive construction, do not enter into false conflicts.[265]

The matter becomes more complex where mandatory terms are required in contracts. Consider, for example, French terms entitling authors to share in negotiated but equitable proportions of the revenues generated

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See France, Code de la Propriété Intellectuelle, *supra* note 116, art. L. 131-6. But such conditions are not necessarily applicable to foreign contracts. *See supra* text accompanying notes 257-58 and *infra* text accompanying notes 267-70.

262 *See* Ulmer, Conflict of Laws, *supra* note 49, at 39, 46. The purportedly mandatory character of this rule seems to flow from the very definition of German copyright, and the rule seems to apply the same way to foreign and domestic authors. *See* Adolf Dietz, *Germany* §§ 4[2][a], 4[3][a][i], 7, *in* 2 Int'l Copr. Law & Practice, *supra* note 1. The requirement of an express term may apply to transfers of specific rights, for example, termination or renewal rights. *See supra* text accompanying note 238 and *infra* text accompanying note 284.

263 *See, e.g.*, André Lucas & Pascal Kamina, *France* §4[3][a][i], *in* 1 Int'l Copr. Law & Practice, *supra* note 1 (explaining that courts are free to interpret ambiguous contractual language in the light of party intent); Alberto Musso, *Italy* § 4[3][d], *in* 2 Int'l Copr. Law & Practice, *supra* note 1 (explaining that restrictive construction is largely, but not entirely, a contractual matter).

264 *Compare* Boosey & Hawkes Music Publishers, Ltd. v. Walt Disney Co., 145 F.3d 481, 487 (2d Cir. 1998) (favoring "neutral principles of contract interpretation rather than solicitude for either party"), *with* Cohen v. Paramount Pictures Corp., 845 F.2d 851, 854 (9th Cir. 1988) (stating that "the license must be construed in accordance with the purpose underlying federal copyright law.").

265 For true and false conflicts, see *supra* Part II.A.2. For an example, see *infra* text accompanying notes 283-86. Given the trend to construe copyright contracts restrictively, courts may gravitate toward narrowly reading such contracts made on the Internet, where the contractual process lacks any clear *situs*. *See* Geller, *Conflicts of Laws in Cyberspace*, *supra* note 2, at 109-10.

from the exploitation of their works.[266] A critical provision, however, states that lump-sum, rather than such proportional, remuneration "may also be paid for the assignment of rights by or to a person or enterprise established abroad."[267] This provision suggests, *a contrario*, that the overall policy behind the rule requiring proportional remuneration is restricted to protecting only French authors involved in French transactions. In other French provisions, there is extensive and intricate statutory machinery intended to regulate copyright transfers that arise in the fields of publishing, public performances, and audiovisual production.[268] But this French machinery is arguably subject to the possibility of excluding the otherwise mandatory terms for proportional remuneration in cases of non-French transactions.[269] It may also be asked whether comparable provisions for mandatory terms in other laws may be limited to local contracts.[270]

3. *Reconciling Regimes in Hard Cases: Moral vs. Contract Rights*

In cases of cross-border copyright contracts, a basic tension sometimes pits the relevant conflicts regimes against each other. On the one hand, the copyright-conflicts regime applies laws country by country: for example, French law dictates the inalienability of French moral rights, U.S. law applies to the termination of transfers of U.S. rights, and so on.[271] Hence, as one commentator explains, this regime has centrifugal effects on a contractual transfer of copyright worldwide, tending to pull the contract apart by applying as many sets of rules as there are national rights conveyed by the transfer.[272] On the other hand, the contract-conflicts regime

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266 France, Code de la Propriété Intellectuelle, *supra* note 116, art. L. 131-4.

267 *Id.* art. L. 132-6. For further analysis, see Robert Plaisant, *L'exploitation du droit d'auteur et les conflicts de lois* (in the translation: *The Exploitation of the Copyright and the Conflicts of Law*), 35 RIDA 63, 99-107 *passim* (1962); DESBOIS ET AL., *supra* note 66, at 152-53.

268 *See* France, Code de la Propriété Intellectuelle, *supra* note 116, arts. L. 131-2 through L. 132-33 *passim*. For further explanation, see André Lucas & Pascal Kamina, *France* § 4[3], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1. For other examples, see Alberto Musso, *Italy* §§ 4[3][a], 4[3][b], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1; Alberto Bercovitz & German Bercovitz, *Spain* § 4[3][b], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1.

269 *Cf.* Bragance c. Michel de Grèce, CA (Intermediate Court), 1e ch., Paris (France), Feb. 1, 1989, 142 RIDA 301 (1989) (discussed *supra* text accompanying notes 190-91).

270 *Cf. supra* text accompanying notes 243-46 (questioning whether other rules for "equitable" remuneration apply as copyright rules, subject to national treatment).

271 *See supra* Part IV.B.1.

272 *See* Plaisant, *supra* note 267, at 101.

has centripetal effects, since it aims to enforce one central law of each contract, optimally the law freely chosen by the parties.[273]

This tension can lead to hard cases, notably when applicable copyright and contract rules are not easily distinguished or themselves conflict. In such cases, it will prove useful to recall the "the needs of the . . . international system," that is, the *ordre public international* of the Berne/TRIPs regime.[274] In the Berne Convention, article 2(6) confirms that Berne "protection shall operate for the benefit of the author and his *successors in title*" [italics added], and the drafters of this clause recognized that, with the sole exception of moral rights and *droit de suite*, Berne-assured rights are normally transferable to contractual successors.[275] Significantly, *droit de suite* is the only copyright-like economic entitlement which the Berne Convention refrains from expressly subjecting to full national treatment, but which it expressly makes inalienable.[276] *A contrario*, one may then argue that national treatment is to be granted with all due regard for the contracts that allow authors' successors to enjoy all the other Berne-assured economic rights.[277]

This argument has a basis in policy analysis. Countries promote varying policies in regulating local transactions between authors and media entrepreneurs. Some seek to protect authors by regulating these transactions closely; others seek to enhance copyright commerce by allowing more freedom of contract.[278] It could, however, give extraterritorial effects to a particular country's local policies to apply its local

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273 *See supra* Part IV.B.2.

274 *See supra* Part II.B and *infra* Part V.C.

275 *See* Berne Convention, *supra* note 17, arts. 2(6), 6*bis*(1), 14*ter*(1). For the drafting record, see Marcel Plaisant, General Report on the Work of the Brussels Diplomatic Conference for the Revision of the Berne Convention, 1948, *in* WIPO, 1886 — BERNE CONVENTION CENTENARY — 1986, 179 (1986).

276 Berne Convention, *supra* note 17, art. 14*ter*(2). For further analysis, see Eugen Ulmer, *The "Droit de Suite" in International Copyright Law*, 6 I.I.C. 12 (1975).

277 *Cf.* György Boytha, *Ansätze für das Urhebervertragsrecht in der Revidierten Berner übereinkunft*, 1987 ZEITSCHRIFT FÜR RECHTSVERGLEICHUNG 179 (finding some relevance of Berne provisions for copyright contracts).

278 *Compare* Boytha, *Authors' Contracts*, *supra* note 242, at 198 (Continental European approach), *with* de Freitas, *supra* note 242, at 222 (Anglo-American view). Other contract-relevant rules may protect end-users, for example, the rules in the E.C. software directive that preclude the contractual waiver of certain exceptions. E.C. Council Directive 91/250/EEC of 14 May 1991 on the legal protection of computer programs, art. 9(1), 1991 O.J. (L 122). For further analysis, see Thomas Heide, *Copyright, Contract and the Legal Protection of Technological Measures — Not "The Old Fashioned Way": Providing a Rationale to the "Copyright Exceptions Interface"*, 50 J. COPR. SOC'Y 315, 330-38 (2003).

contract-relevant rules to foreign copyright transactions.[279] Berne national treatment provides a key to avoiding tensions here: such treatment does not apply to works of purely domestic origin that have purely domestic authors.[280] In most cases, relative to any given country, local contracts concern works by domestic authors, and foreign contracts concern works by foreign authors. It would therefore not necessarily effectuate national treatment to impose the contract-relevant rules of a given country indiscriminately on foreign copyright contracts.[281] Hence the rule of thumb: *In cases that do not concern domestic authors, a court should be reluctant to apply local contract-relevant rules to foreign copyright contracts.* For example, as seen above, French rules that govern contractual remuneration are not applicable to foreign contracts.[282]

In any case, a court may also ask: Do any ostensibly differing rules proposed to govern the contract at issue enter into a false conflict?[283] For example, the Brazilian composer Antonio Carlos Jobim sought to assert renewal copyrights in the United States after having assigned U.S. copyrights in certain songs to a Brazilian music publisher. A U.S. court ruled in favor of Jobim, citing U.S. case law which required express contractual terms to convey renewal rights and noting that "United States renewal copyright reflects a vital policy of United States copyright law."[284] However, the court's conflicts approach, exporting U.S. policy indiscriminately, was questionable, especially since the contract at issue had Brazilian parties and provided for submitting disputes to a Brazilian forum. Had the court looked abroad, it would have encountered the Brazilian rule of restrictive construction that, in the interest of protecting authors, would have also precluded any transfer of a specific right absent clear contractual terms to that effect.[285] The court could have asked whether the same re-

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279 *See* Paul Edward Geller, *The Proposed EC Rental Right: Avoiding Some Berne Incompatibilities*, 14 E.I.P.R. 4, 5-7 (1992); André Kéréver, *La règle du "traitement national" ou le principe de l'assimilation* (in the translation: *The Rule of national treatment or the principle of assimilation*), 158 RIDA 75, 89-90 (1993).

280 *See* Berne Convention, *supra* note 17, art. 5(1), (3).

281 *See generally* DESBOIS ET AL., *supra* note 66, at 152 ("The exploitation of rights is not to be confused with their definition. Thus, we submit, the law of the protecting country does not properly determine the term of contracts or the mode of remunerating authors; it is up to the parties, expressly or not, to choose the law they find appropriate . . .").

282 *See supra* text accompanying notes 266-69.

283 For the analysis of true and false conflicts, see *supra* Part II.A.2.

284 Corcovado Music Corp. v. Hollis Music, Inc., 981 F.2d 679, 684-85 (2d Cir. 1993).

285 *See* Manoel J. Pereira dos Santos, *Brazil* § 4[2][c], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1. Note that the 1973 Copyright Act in effect in Brazil at the time of this case had, as does the present law, a rule favoring the

sult could have been reached on the grounds of a false conflict, rather than rushing to apply local law without regard for the policy interests of other jurisdictions.[286]

Nonetheless, the rules invoked in some cases may not be easily characterized as dispositive either of copyright or of contract issues, or the rules may truly conflict. At times, then, the laws applicable pursuant to the copyright-conflicts regime and to the contract-conflicts regime can appear to be bent on a collision course. Consider the most dramatic example of such hard cases: cases where author's moral rights are invoked against contractually acquired economic rights. Some laws, like French law, categorically and unconditionally declare moral rights to be inalienable.[287] Article 6*bis* of the Berne Convention suggests that moral rights remain the author's after the conveyance of all economic rights, but this language does not definitively preclude moral rights from being contractually impaired.[288] Indeed, highly differentiated case laws qualify how the exercise of moral rights may be affected by contracts, even in countries where these rights are declared to be inalienable, as well as in other countries where the question of contractual waiver remains open.[289] It may at times be possible for a court to reconcile the copyright-conflicts regime and the contract-conflicts regime with regard to moral rights if it judicially accommodates such rights with contractually acquired rights.

But what does "judicial accommodation" mean in this context?[290] Judges have repeatedly had to defuse tensions between theoretically inalienable moral rights and the practical exigencies of contractual transac-

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restrictive construction of authors' contractual transfers of copyright. On restrictive rules of construction generally, see *supra* text accompanying notes 263-65.

286 *Cf.* 3 NIMMER ON COPYRIGHT, *supra* note 50, § 9.06[A][2] ("it is unreasonable, in this writer's view, to subject a contract written in Portuguese, negotiated and executed in Brazil, providing that it shall be governed by local law, and by its terms intending to be all-inclusive, to an American rule of construction . . .").

287 France, Code de la Propriété Intellectuelle, *supra* note 116, art. L. 121-1. *Cf.* HENRI DESBOIS, LE DROIT D'AUTEUR EN FRANCE 276-77 (3d ed. 1978) (explaining that French moral rights predominate over economic rights that are alone subject to contractual transfer).

288 Berne Convention, *supra* note 17, art. 6*bis*(1). *Cf.* 1 LADAS, *supra* note 18, at 599-600 ("the intention of the Convention was to leave this question [of waiver of moral rights under article 6*bis*] to the determination of the law of each country").

289 For examples, see national chapters, particularly § 7[4], *in* INT'L COPR. LAW & PRACTICE, *supra* note 1.

290 For another example of the judicial accommodation of moral rights, see *supra* text accompanying notes 168-72. For different examples of judicial accommodation, see *supra* text accompanying notes 132-35 and 227-29.

tions.[291] This they have most often done by judicial accommodation, that is, by crafting remedies for violations of moral rights that minimally impair the legitimate claims of the holders of contract rights. For example, in the seminal *Whistler* case, the artist Whistler had painted a portrait of Lord Eden's wife on commission but then refused to deliver it: the French court only conditionally allowed Whistler to exercise his moral right to control disclosure of his work.[292] Whistler could withhold the portrait from the Edens, but he had to make the initial model unrecognizable for purposes of future displays, to make restitution of all payments received, and to pay damages for non-delivery.[293] If moral rights are "by nature" a creature of judge-made law, judicially accommodating them with contractually acquired rights may be considered as part and parcel of their definition. Accordingly, national treatment relative to foreign authors' moral rights would not be violated by such accommodation.[294]

Judicial accommodation may employ equitable devices that take account of the parties' good faith or reasonable expectations. For example, German copyright law conditions the moral right of integrity by allowing such modifications of a work as the author could not in good faith refuse.[295] The German Federal Court of Justice dealt differently with each of a pair of cases on point: in both, it found that the integrity of theatrical works had been impaired as a result of modified stagings. In one case, the court allowed the modifications, made a half-century after the original staging, finding them to fall within the bounds of good faith; in another case, it barred modifications reducing the original play "to a more or less meager skeleton of" itself.[296] Italian courts have dealt with the televising of motion pictures interrupted by "spot" advertising commercials that, Italian film creators claimed, violated their moral rights of integrity. One first-instance trial court ordered spot commercials to be timed so that both the televisor's exploitation rights and the film creators' moral rights would

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291 *See* 1 STRÖMHOLM, *supra* note 115, no. 1, at 118-50 *passim*, 278-96 *passim*.

292 William Eden c. Whistler, Cass. (Supreme Court) (France), Mar. 14, 1900, D. 1900 I 63.

293 *See* 1 STRÖMHOLM, *supra* note 115, no. 1, at 283 ("Thus the Court of Cassation tried to find a formula that allowed for safeguarding both the personal interests of the artist and the force of contracts.").

294 *See supra* text accompanying notes 233-35 and 241.

295 Germany, Gesetz über Urheberrecht und verwandte Schutzrechte, *supra* note 221, § 39(2).

296 The *Oberammergau Passion Play* decision, BGH, Oct. 13, 1988 (Germany), 1989 GRUR 106, note Ulrich Loewenheim (allowing modifications); the *Maske in Blau* decision, BGH, Apr. 29, 1970 (Germany), 1971 GRUR 35, note Eugen Ulmer, *in English translation in* 2 I.I.C. 209 (1971) (allowing, in principle, creative discretion in staging a play, but not the specific modifications which the claimants found objectionable).

be minimally impaired. It tried equitably to defuse the tension between the foreseeable "demands of commercializing a film and the respect for the unity of a work."[297]

Suppose that a U.S. playwright agrees, in a contract subject to California contract law, to have his play adapted into a motion picture. But the playwright later brings suit for a violation of his German right to integrity when the motion picture, effectively a loosely adapted version, is shown in Germany. Would California or German standards apply in ascertaining whether the U.S. playwright could in "good faith" move to stop performance of the film version? There may be some equitable sense in which most judges understand the notion of "good faith," but the core sense of that notion would still have to be particularized in the light of the laws specifically relevant to each case.[298] Thus, in our hypothetical case, California standards, including California contract law, may be argued to determine what "good faith" means in the context of this case, while German law governs moral rights in Germany. Note that the California law of contracts need not be considered to be in conflict with the German law of moral rights in this case, for the simple reason that each law applies to quite different aspects of the case. The California standards are relevant to judicial accommodation, while German law is legally dispositive of the playwright's claim.[299]

Consider, in turn, the French moral right of integrity which, codified as inalienable, benefits foreign as well as national creators of works.[300] The French statute implements this right by precluding the modification of an audiovisual work once a "final version" has been made.[301] But such a

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297 The *Serafino* decision, Trib. (Court of First Instance), Rome (Italy), May 30, 1984, 56 DIRITTO DI AUTORE [DIR. AUT.] 68, 74-75 (1985), note Mario Fabiani. The court at the next level, reversing after a trial *de novo*, engaged in a more dogmatic analysis. Corte app. (Intermediate Court), Rome (Italy), Oct. 16, 1989, 61 DIR. AUT. 98 (1990).

298 *See* Bernard Dutoit, *Good Faith and Equity in Swiss Law*, *in* EQUITY IN THE WORLD'S LEGAL SYSTEMS: A COMPARATIVE STUDY 307, 310-17 (Ralph A. Newman ed., 1973) (noting that "good faith" is always relative to the parties' personal and legal relations on the spot).

299 For treatment of such equitable standards as data, rather than laws in conflict, see *supra* note 245.

300 France, Code de la Propriété Intellectuelle, *supra* note 116, art. L. 121-1. *See, e.g.*, the *Asphalt Jungle* decision, Huston c. Turner Entm't, Cass. civ. I (Supreme Court) (France), May 28, 1991, 149 RIDA 197 (1991), *in English translation in* 23 I.I.C. 702 (1992), *followed on remand*, CA (Intermediate Court), chs. réunies, Versailles, Dec. 19, 1994, 164 RIDA 389 (1995) (cited with commentary *supra* note 186).

301 France, Code de la Propriété Intellectuelle, *supra* note 116, art. L. 121-5. *Cf.* BERNARD EDELMAN, DROITS D'AUTEUR, DROITS VOISINS 59 (1993) (noting that this specific provision was written to avoid "American" procedures).

rule may be difficult to apply to audiovisual works produced outside France, where other laws or production agreements need not require any consent to a "final version" in the French manner.[302] In cases where the French moral right of integrity is invoked in a non-French audiovisual work, it may then be necessary to craft relief with an eye to accommodating the conditions current where the work was produced.

Moral rights remain somewhat of a wild card in the deck of rights dealt out to authors. Despite the inchoate nature of moral rights, if not the diverse theories of their relations to economic rights, conflicts of laws regarding these rights need not always lead to arbitrary results in practice. The approach just proposed allows judges more consciously and consistently to do what they often do implicitly, that is, take account of the equities of the case, including the parties' good-faith demands and their reasonable expectations.

C. What Rules Apply to Transfers by Law?

After first vesting, copyright and related interests may be transferred by contract and by law. We have already discussed the choice of law applicable to copyright transfers by contract.[303] Complex conflicts of laws may arise with regard to transfers made as a matter of law and with regard to priorities among transfers. We shall discuss, in Part IV.C.1, how to resolve conflicts of laws that arise when copyright is transferred by law and, in Part IV.C.2, when priorities are to be determined among copyright transfers, whether these are effectuated by contract or by law.

1. Inheritance; Marriage; Creditors' Claims; Reorganizations

There are many types of transfers by law. We have already discussed the termination of transfers and the reversion of residual rights.[304] Transfers may most notably arise as a matter of law by virtue of inheritance, upon the dissolution of a marital community, in the realization of creditors' claims by foreclosure or in bankruptcy, or in a corporate reorganization. Whatever policies come into play in these different fields, the approaches to conflicts of laws have become fairly settled in some fields, but not in others. In such cases, as in many contract cases, economic and moral rights may be subject to different treatments. We shall here touch on conflicts questions that arise when, in cross-border cases, copyright is transferred by law.

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302 For further analysis, distinguishing the "director's cut," "final version," etc., see John J. Dellaverson, *The Director's Right of Final Cut — How Final is Final?*, 7 ENT. & SPORTS LAW., no. 1, at 7 (1988).

303 *See supra* Part IV.B.

304 *See supra* text accompanying notes 236-39.

Courts tend to give effect to the inheritance law of the jurisdiction most closely connected to the decedent.[305] For example, a U.S. court held that U.S. copyright in the works of the German writer Bertolt Brecht could be subject to the inheritance law of East Germany, that author's country of domicile at the time of death.[306] Similarly, a French court applied German law to determine that French copyright in a film devolved on the only heir of its German director once the production company originally holding rights no longer existed.[307] It remains controversial whether moral rights, not usually considered as fully transferable, may be inherited as such, subject to the normally applicable inheritance law.[308] Under another characterization, upon the death of an author, standing to assert her moral rights passes to her representatives under the law of the protecting country.[309] After the death of the Swiss sculptor Giacometti, standing to assert his French moral rights was held to devolve pursuant to French law.[310]

Consider, in turn, the marital community. Copyright interests arising during the marriage of an author may have to be allocated upon the dissolution of this marriage. Generally, the law applicable in the jurisdiction where the marital community is located applies at least to national eco-

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305 For a review of treaties in the field of inheritance, see Alfred E. von Overbeck, *La convention du premier août 1989 sur la loi applicable aux successions pour cause de mort*, 1989 ANNUAIRE SUISSE DE DROIT COMPARÉ 138.

306 Brecht v. Bentley, 185 F. Supp. 890, 893 (S.D.N.Y. 1960). U.S. provisions for the reversion of copyright still leave traps for the unwary. For analysis in the context of inheritance, see Francis M. Nevins, *The Magic Kingdom of Will-Bumping: Where Estates Law and Copyright Law Collide*, 35 J. COPR. SOC'Y 77 (1988).

307 Sté. Films sans frontières c. Riehl, Cass. civ. I (Supreme Court) (France), Mar. 20, 2001, 189 RIDA 357 (2001).

308 *See, e.g.*, the *Carmina Burana* decision, President District Court, Amsterdam (Netherlands), Feb. 24, 1992, AMI 1992, no. 6, at 112 (applying German inheritance law to decide who may exercise the Dutch moral rights of the German composer Carl Orff). *But see* Herman Cohen Jehoram, *Netherlands* § 7[3], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (critiquing this decision).

309 *See generally* Berne Convention, *supra* note 17, art. 6*bis*(2) (providing that, after the author's death, Berne moral rights "shall be exercisable by the persons or institutions authorized by" the pertinent legislation). This provision has been construed to refer to the legislation of the protecting country. *Cf.* DESBOIS ET AL., *supra* note 66, at 211 (regretting that the protecting country's discretion had not been more circumscribed). For the conflicts analysis of standing in copyright cases, see *supra* text accompanying notes 196-99.

310 Cass. civ. I (Supreme Court) (France), July 6, 2000, JCP éd. E. 2002, no. 8, at 224, note Henri-Jacques Lucas, *aff'g* CA (Intermediate Court), 1e ch., Paris, Sept. 23, 1997, 176 RIDA 418 (1998), *critiqued in* André Kéréver, *Chronique de Jurisprudence*, 176 RIDA 291, 313-15 (1998).

nomic rights effective there, while caveats arise concerning moral rights. In the United States, it remains unsettled how the federal law of copyright and the state laws of marital property come together to determine the allocation of U.S. copyright as such within the marital community.[311] Under French law, French copyright does not fully fall within the marital community: while following the theory that an author's economic rights may not be fully disentangled from her moral rights, French law in practice allocates to the community the copyright interests accruing from the economic exploitation of works during marriage.[312] A court, in dissolving a marital community, may equitably accommodate diverse laws in this context by allocating to the community such copyright interests worldwide.[313]

Foreclosures and other business-related transfers by law present comparable questions. Such transfers may be based, for example, on security interests, on other creditors' claims, or on corporate or like reorganizations.[314] The very possibility of thus transferring rights by law depends on how copyright is conceptualized: as a fully alienable right, notably as a property right; as distinct alienable and inalienable rights, with, notably, moral rights resisting alienation; or as some synthesis of such rights.[315] Foreclosure and related transfers may be possible to the extent that, as in most Anglo-American systems, the rights to which such transfers by law apply are conceptualized as alienable rights alone, although the procedures and consequences of such transfers may vary between jurisdictions, especially within federal systems.[316] Such transfers by law may be limited

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311 *Compare* Rodrigue v. Rodrigue, 218 F.3d 432 (5th Cir. 2000) (finding state law to be in "compatible combination" with federal law on point), *with In re* Marriage of Worth, 241 Cal. Rptr. 135, 136, 139-40 (Ct. App. 1987) (applying state law). For further analysis, see 1 GOLDSTEIN, COPYRIGHT, *supra* note 130, § 4.4.4.2.

312 France, Code de la Propriété Intellectuelle, *supra* note 116, art. L. 121-9. For further analysis, see LUCAS & LUCAS, *supra* note 13, at 141-45.

313 For other examples of judicial accommodation, see *supra* text accompanying notes 132-35, 168-72, 227-29, and 290-302.

314 *See, e.g.*, Films by Jove, Inc. v. Joseph Berov, 154 F. Supp. 2d 432 (E.D.N.Y. 2001) (sorting out how, in the breakup of the Soviet Union, copyright entitlements passed through complex reorganizations of film studios and distribution agencies).

315 For these distinct conceptualizations, see Paul Edward Geller, *International Copyright: An Introduction* § 2[2][b], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1. Note, too, that, independently of these theoretical considerations, specific transactions, such as transfers of rights to make derivative works and non-exclusive licenses, may, in practice, be subject to special rules.

316 *See, e.g.*, Lorin Brennan, *Financing Intellectual Property Under Federal Law: A National Imperative*, 23 COMM/ENT 195 (2001) (explaining tensions in U.S. law on point); David Vaver, *Can Intellectual Property Be Taken to Satisfy a Judgment Debt?*, 6 BANKING & FIN. L. REV. 255 (1991) (exploring varying

under many Continental European and similar laws that presuppose close ties between the alienable and inalienable components of copyright or that seek to protect authors' royalty interests necessary for their livelihoods. Such author-protective systems tend to leave secured parties or other creditors to look for satisfaction only by foreclosing on purely economic interests, such as royalty streams, and sometimes limit such recourse as well.[317] Where a foreclosure or a related transfer purports to have effects across borders, complex conflicts of laws may arise with regard to priorities.[318]

2. Priorities Among Transfers by Contract and by Law

Which party's claims prevail when different parties seek to benefit, respectively, from different transfers by contract or by law of what are purportedly the same or overlapping rights? Of course, for one contractual transfer to take priority over another, it must be effective under the proper law of the contract: thus a fraudulently made transfer, even if concluded or recorded before a valid transfer, would not take priority.[319] The issue of priority can become critical to chain of title where a copyright owner contractually transfers the same rights in the same work to different parties one after the other. The issue can also arise where, in proceedings such as bankruptcy, different creditors seek transfers by law of the same or overlapping rights. The conflicts arising with regard to such priority are complex, and we shall do no more here than outline them.

Assume, *arguendo*, that all countries give priority to the first transfer in time over all subsequent transfers. On that hypothesis, which is not

approaches in Canada). *See also* Tasha Stanford, *Securitisation of Film Rights*, 11 ENT. L. REV. 121 (2000) (outlining procedures in the United Kingdom).

317 *See, e.g.*, André Lucas & Pascal Kamina, *France* §§ 4[3][c][i][A], 4[3][c][iii][A], 4[3][d], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1 (discussing specific French rules governing publishing and audiovisual-production contracts in bankruptcy cases and general rules excluding certain authors' interests from foreclosure); Adolf Dietz, *Germany* §§ 4[3][b][i], 4[d], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (indicating one German rule affecting publishing contracts in bankruptcy and others generally protecting authors' rights against foreclosure).

318 *See infra* Part IV.C.2.

319 *See, e.g., The Kid* decision, Cass. civ. I (Supreme Court) (France), May 28, 1963, 41 RIDA 134 (1963) (holding that a fraudulent transfer, though recorded first in France, did not take priority over another transfer of French rights formally valid under the U.S. contract law). Not only the overall validity of the transfer may be critical, but also the terms of the transfer under some laws. *See, e.g.*, U.S. Copyright Act, 17 U.S.C. § 205(d) (2000) (requiring the prevailing transfer to have been taken "for valuable consideration or on the basis of a binding promise to pay royalties").

true, there would be only false conflicts of laws with regard to the priority of transfers of copyright.[320] All a court would have to do is to sort out the dating and scope of ostensibly conflicting transfers to prioritize them worldwide. This is the default rule with regard to priorities, but true conflicts of law may arise because some countries have different rules of priority.[321] Some countries choose to maintain recordation facilities for copyright transactions specifically, and some countries establish recordation facilities under general laws affecting property transfers, security interests, or corporate assets.[322] Given a recordation scheme, there may be a rule according to which a contractual transaction may not be asserted against third parties, and thus may not prevail against other transfers, absent proper recordation.[323] Other countries impose varying conditions on the default rule that the first transfer in time prevails over all subsequent transfers.[324] The law of each country thus has to be consulted to determine priorities of transfers, at least insofar as internal copyright commerce is concerned.[325]

While each country may be free to fashion a national priority rule for local transfers of its own rights, its courts ought not indiscriminately apply

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320 For the analysis of true and false conflicts, see *supra* Part II.A.2.

321 *See* ULMER, CONFLICT OF LAWS, *supra* note 49, at 41-42, 47.

322 For examples, see André Lucas & Pascal Kamina, *France* § 4[2][d], *in* 1 INT'L COPR. LAW & PRACTICE, *supra* note 1; Teruo Doi, *Japan* §§ 4[2][d], 4[3][b], 4[3][c], *in* 2 INT'L. COPR. LAW & PRACTICE, *supra* note 1; Lionel Bently, *United Kingdom* § 4[2][d], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1; Eric Schwartz, *United States* § 4[2][d], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1.

323 *See, e.g.*, the *Canal Plus* decision, Cass. civ. I (Supreme Court) (France), Nov. 18 1997, JCP 1998 IV, 1026, *followed on remand*, CA (Intermediate Court), Versailles, June 20, 2000, 187 RIDA 231 (2001) (where A transferred rights in an audiovisual work to B, who in turn transferred such rights to C, and A rescinded its transfer to B without recording its rescission in the C.N.C., the French recordation facility for audiovisual works, the rescission was then not effective against C, who still held a valid chain of title to French rights in the audiovisual work).

324 *See, e.g.*, Alberto Musso, *Italy* § 4[2][d], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (noting that, although recordation facilities are available in Italy, the first transferee in good faith prevails against others); Lionel Bently, *United Kingdom* § 4[2][d], *in* 2 INT'L COPR. LAW & PRACTICE, *supra* note 1 (observing that, in the United Kingdom, recordation is necessary to secure a copyright mortgage against corporate liquidation, but the first transfer in time has priority except that a prior license will not bind a subsequent *bona fide* purchaser).

325 For further information, see MELVIN SIMENSKY ET AL., THE NEW ROLE OF INTELLECTUAL PROPERTY IN COMMERCIAL TRANSACTIONS, chs. 12, 14, 15 (1998).

this priority rule to transfers of foreign rights.[326] Indeed, different domestic policies support rather different rules on point: for example, to protect authors, some national rules may at times preclude outright foreclosure, not only on copyright, but on authors' royalty interests.[327] Under commercial law, to protect the parties who provide financing, other rules may facilitate realizing security interests in copyrights, even to the point of closing out authors' rights and contractually acquired royalty interests.[328] Attempting to respect such diverse policy choices, a court may try to apply the priority rule of a given country only to the foreclosure of rights accorded under, or deriving from, the legislation of that country.[329] Still, following that territorial approach, a court could find it hard to elaborate and implement a plan sorting out the priorities between transfers of overlapping rights worldwide: to start, it would have to coordinate diverse conflicts regimes, for example, that applicable to copyright and that applicable in commercial law.[330] Furthermore, the court may not be able to issue orders binding on foreign recordation facilities, and it may have to seek other means to trigger the appropriate priority effects of recordation on the spot.[331]

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326 *But cf. In re* AEG Acquisition Corp., 161 B.R. 50, 57 (9th Cir. 1993) (applying only the U.S. rule concerning the perfection of security interests, but not specifying for which rights, in a case ostensibly involving distribution rights for both the United States and Canada).

327 *See supra* text accompanying note 317. *Cf.* the *Holzhandelsprogramm* decision, BGH (Federal Court of Justice) (Germany), Jan. 20, 1994, 1994 GRUR 363, *and in English translation in* 26 I.I.C. 720 (1995), note Michael Lehmann (explaining special problems under German law).

328 *See, e.g.*, Lorin Brennan, *Financing Intellectual Property Under Revised Article 9: National and International Conflicts*, 23 COMM/ENT 313 (2001) (explaining how state-based U.S. commercial law purports to allow the claims of holders of security interests to be enforced against the owners of intellectual property and questioning whether the federal system does not preempt this scheme).

329 *See* Schuyler Moore, *Entertainment Bankruptcies: The Copyright Act Meets the Bankruptcy Code*, 48 BUS. LAW. 567, 573-80 (1993).

330 *See, e.g.*, UNIF. COMMERCIAL CODE (U.C.C.) §§ 9-301, 9-307 (Calif., effective July 1, 2001, subject to transitional rules) (applying local law of debtor to the perfection of security interests, but fictively localizing, in the District of Columbia, debtors actually located in jurisdictions without recordation facilities).

331 *Cf.* UNCITRAL Model Law on Cross-Border Insolvency, *available at* http://www.uncitral.org/en-index.htm (last visited Jan. 6, 2004) (facilitating, to the extent implemented in different countries, communication and cooperation between a main bankruptcy proceeding in one country and related proceedings in others).

V. POLICY STAKES IN HARD CASES

The treaties represent binding instruments for effectuating global policies in the field of copyright. For that reason, we have followed the Berne/TRIPs regime in elaborating approaches to help courts resolve conflicts of laws in copyright cases.[332] We have nonetheless touched on hard cases in which treaty principles, even when read in the light of underlying policies, do not provide full guidance for resolving conflicts. Let us return to such cases, one last time, to gauge the limits of conflicts analysis in the field of copyright. We shall reconsider, in Part V.A, methodology, in Part V.B, infringement issues, and, in Part V.C, ownership issues.

A. The Conflicts Toolbox and Harmonization

Part II above surveyed methods for dealing with conflicts of laws in the field of copyright. We initially asked: In terms of what laws should issues be characterized when they are subject to conflicts of laws? As a default position, we rejected the *lex fori* method and contemplated using the *lex causae* method: in any given conflict, the terms of the conflicting laws themselves are to be used to formulate issues subject to the conflict.[333] For example, if infringement is alleged in France and Germany, infringement is to be characterized in terms of the rights recognized in the French and German copyright laws, respectively.

We also considered a further method of characterization, the comparative method. Return to our last example: both France and Germany have participated in both Berne and European harmonization, so that their copyright laws often formulate rights in common terms. More generally, the Berne/TRIPs regime, imposing minimum rights on treaty countries, has introduced such common terms into copyright laws virtually worldwide. The Berne Convention has coordinated and set the meanings of diverse clusters of terms within copyright parlance worldwide, for example, "public performance" and "communication to the public."[334] A court may use such terms as are common to conflicting laws in order to characterize the issues on which these laws conflict. Thus it may localize infringement in the light of a global view of ostensibly conflicting laws.[335]

Harmonization, however, has its limits. Historically, the Berne Convention started the process of harmonization by instituting minimum rights. But, as one commentator observes, minimum rights "have been added to the Convention text in a piecemeal way, usually in response to particular contemporary needs and pressures, and without any attempt at

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332 *See supra* Part II.B.
333 *See supra* Part II.A.1.
334 *See* FICSOR, THE 1996 WIPO TREATIES, *supra* note 178, at 155-63.
335 *See supra* Part III.B.1.

systematic organization."[336] In addition, diplomatic compromises sometimes can leave minimum rights open-ended: for example, the WIPO "Internet" Treaties arguably cover many minimum rights under the "umbrella" right of communication or access to the "public," but without defining that last term.[337] At the same time, these WIPO Treaties now allow treaty countries to improvise with regard to devising "new exceptions and limitations that are appropriate in the digital environment," subject only to a "three-step" test which may be interpreted in the elastic terms of economic analysis.[338]

Let us, then, distinguish between types of limits to harmonization. Either minimum rights are not provided with respect to a given issue, or minimum rights are formulated in open-ended terms that allow for variation. Either way, to the extent that, although harmonized, copyright laws still differ in effect, true rather than false conflicts of laws might occasionally arise. There is the hope that, when faced with conflicts of laws, courts may choose rules most appropriate to given cross-border fact situations and thus harmonize otherwise diverging copyright laws.[339] We have here shied away from such an activist approach to conflicts of laws, rather only arguing that, in the field of copyright, judicial accommodation, guided by

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[336] RICKETSON, *supra* note 56, at 367. *Compare* Paul Edward Geller, *Copyright History and the Future: What's Culture Got to Do With It?*, 47 J. COPR. SOC'Y 209, 245-51 (resuming the history of harmonization and its discontents) (2000), *with* Ginsburg, *Supranational Code*, *supra* note 217, at 289 (positing "a large common body of international norms" but regretting the "failure of political will of the drafters of multilateral instruments" to fully harmonize).

[337] *See* W.T.C., *supra* note 103, arts. 1, 3, 8; W.P.P.T., *supra* note 103, arts. 1, 10, 14. *Cf.* FICSOR, THE 1996 WIPO TREATIES, *supra* note 178, at 500-50 *passim* (explaining the different rights that may fall under the "umbrella" right); *id.* at 496-500 (indicating that the provision for this right allows for "freedom of characterization"). Thus, as compared with the Berne Convention, the WIPO "Internet" Treaties do not provide courts with as stable a vocabulary of rights for the purpose of characterization.

[338] *See* Agreed Statements Concerning the WIPO Copyright Treaty, adopted Dec. 20, 1996, WIPO Doc. CRNR/DC/96, Statement Concerning Article 10. For analyses of a TRIPs interpretation of the "three-step" test, see Mihály Ficsor, *How Much of What? The "Three-Step Test" and its Application in Two Recent WTO Dispute-Settlement Cases*, 92 RIDA 111 (2002); Jane C. Ginsburg, *Toward supranational copyright law? The WTO Panel decision and the "three-step test" for copyright exceptions*, 187 RIDA 3 (2001); Graeme B. Dinwoodie, *The Development of International Norms in the Formation of Copyright Law*, 62 OHIO ST. L.J. 733 (2001); Lawrence R. Helfer, *World Music on a U.S. Stage: A Berne/TRIPs and Economic Analysis of the Fairness in Music Licensing Act*, 80 B.U. L. REV. 93 (2000).

[339] *See* Dinwoodie, *A New Copyright Order*, *supra* note 29, at 542-79 *passim* (2000).

treaty norms, may help to moot very particular conflicts in specific cases.[340] Indeed, many of these cases of accommodation may turn on injunctive remedies that, to the extent subject to discretionary decisions, are not likely to lead to binding precedents. There is still the chance that, in a rare case, a persuasive decision might be followed by courts in subsequent, similar cases.[341]

B. Infringement: Dealing with Spillover Effects

Part III above explained how to dispose of infringement issues in cross-border cases. Berne national treatment dictates applying the law of the protecting country, where infringement takes place. We proposed to localize infringement in countries whose markets or audiences are respectively threatened, prejudiced, or usurped by incoming transactions. The Berne/TRIPs policies that preclude the extraterritorial application of any given copyright law suffice to justify this approach.[342] Further policy analysis helps to understand how to apply the approach in the various phases of a suit for infringement.

Reconsider the complementary policies for minimum rights and for national treatment.[343] On the one hand, minimum rights help to make the conditions of media exploitation more reliable worldwide. We have highlighted the corresponding policy aim of a seamless fabric of injunctive remedies to stop piracy from proliferating across borders.[344] On the other hand, the principle of national treatment is premised on the recognition that, on points where minimum rights are no longer dispositive, national copyright laws often represent divergent policy compromises. The rationale of national treatment is then to respect national sovereignty by applying each law to infringing acts localized on national territory.[345] We have also highlighted the corresponding policy aim of a coherent fabric of reme-

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340 *See supra* text accompanying notes 26-28; for examples, see *supra* text accompanying notes 132-35, 168-72, 227-29, 290-302, and 313.

341 *See, e.g.*, the Swiss *Gold Rush* case, Federal Tribunal, Nov. 3, 1970, ATF 96 II 412, *in English translation in* 2 I.I.C. 315 (1971); the German *Gold Rush* case, BGH (Federal Court of Justice), May 19, 1972, 1973 GRUR INT. 49, *in English translation in* 4 I.I.C. 245 (1973) (citing the Swiss decision as persuasive in its construction of the Berne concept of "first publication").

342 *See supra* Part III.B.1.

343 For another point of view, see Paul Edward Geller, *Legal Transplants in International Copyright: Some Questions of Method*, 13 UCLA PAC. BASIN L.J. 199, 219-29 (1994).

344 *See supra* Part III.B.2.

345 *See generally* Hans Ullrich, *Technology Protection According to TRIPs: Principles and Problems*, *in* FROM GATT TO TRIPS, 357, 366-69 (Friedrich-Karl Beier & Gerhard Schricker eds., 1996) (noting that national treatment leaves countries free to fashion laws of intellectual property pursuant to national policies).

dies. Monetary liability ought not be imposable under different laws for the same act.[346]

Judges, exercising inherent judicial functions, such as characterization and tailoring remedies, may work out this policy tension differently at different stages of suit. At the start of a cross-border suit, in hearing and fashioning an injunction on an expedited basis, a court may not have time to examine all arguably applicable laws in a cross-border case. We have suggested that, at such a juncture, a court may provisionally apply such laws as are effective in the lion's share of the markets or audiences to be impacted by the transactions at issue.[347] Return to the hard case of infringement on the Internet: in a summary proceeding, a claimant may seek a provisional injunction both against parties who upload works without consent and against intermediaries whose services are used in this uploading. Unfortunately, the laws providing for relief against such intermediaries in cases of infringement are not uniform worldwide, so that the court might well not find any common standards on point, but rather face hard choices between laws of varying or unsettled tenors.[348] Other examples could be hypothesized, notably cases in which differing limitations and exceptions are invoked as defenses, in which moral rights are asserted but vary in tenor, or in which special monetary awards are sought.[349]

The metaphor of spillover effects helps to focus on the policy problems that arise in such cases. A court faced with a good showing of cross-border infringement may stop the infringement from spilling over from one country into others with a rapid and territorially broad, but provisional, injunction. However, in hard cases, a court's reliance on more rigorous laws over more permissive or unsettled laws, especially in formulating a wide-ranging injunction, could allow the former laws to spill over in their effects into markets and audiences for which they were not necessarily intended.[350] Given its discretion, a court may act quickly to stop the ostensible infringement from geographically spilling over but later refine its conflicts analysis and injunctive remedies as soon as possible to mini-

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346 *See supra* Part III.B.3.

347 *See supra* text accompanying notes 131-34.

348 *See supra* text accompanying notes 177-80.

349 For exceptions, see *supra* text accompanying notes 96-97, 135, 148-49, and 179-80; for moral rights, see *supra* text accompanying notes 114-19 and 287-302; for special awards, see *supra* text accompanying notes 153-54.

350 The *Yahoo* case illustrates this difficulty. UEJF c. Yahoo!, TGI (Court of First Instance), Paris (France), Nov. 22, 2000 (ord. en référé), *available, with other documents, at* http://www.juriscom.net/txt/jurisfr/cti/tgiparis20001120.htm#texte (last visited Feb. 15, 2004). For discussion of this and similar cases, see Solum & Chung, *supra* note 170, at 76-86.

mize legal spillover.[351] Any attempt to complicate the simple rule of applying the law of the protecting country risks skewing this inherently judicial task of tailoring provisional remedies.[352] Of course, considerations falling outside any conflicts analysis may lead to such effects: for example, courts vary in quantifying damages.[353] Also economic factors, beyond judicial control, may result in spillovers that we leave to other analyses.[354]

C. *Ownership: From Public to Private Consensus*

Part IV above disentangled ownership issues subject to conflicts of laws. It started with the vesting of rights and moved on to transfers by contract. These issues are all optimally governed by the consensus of the

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351 In copyright cases, courts may often stop possibly infringing cross-border dissemination for short periods without, as in defamation cases, risking delays in releasing time-sensitive news. *Compare* Geller, *Hiroshige v. Van Gogh*, *supra* note 135, at 62-63 (arguing for tailoring injunctions in copyright cases), *with* Mark Lemley & Eugene Volokh, *Freedom of Speech and Injunctions in Intellectual Property Cases*, 48 DUKE L.J. 147 (1998) (arguing against injunctions in copyright cases, with an eye to free-speech considerations raised in defamation jurisprudence).

352 For example, escape devices or clauses relative to the law of the protecting country could aggravate spillover. As already pointed out, a rule applying the law of some originating or source country could encourage pirates to settle in countries whose standards of protection are low. Not only would such a choice-of-law rule thus allow for the geographical spillover of infringement, but it could export the effects of one country's policy choices into other countries. Nor would it help to prompt courts to apply the law of the country with some ill-defined "most significant relationship" to the infringement or other transactions at issue. Such a pious wish would allow judges to apply laws helter-skelter or, sticking to what is familiar, to "hometown" foreign parties. *See supra* note 41 and text accompanying notes 40-58 *passim*, 109-19 *passim*, 136-38, and 165-67.

353 The most dramatic difference lies between the jury trial in the United States and judicial assessments of damages in other jurisdictions. Even among common legal cultures, it remains debatable whether methods of evaluating damages and results converge as much as is sometimes supposed. *See, e.g.*, SISRO c. Sté. Ampersand Software, CA (Intermediate Court), 4e ch., Paris (France), Feb. 8, 2002, Expertises 2002, 230 (awarding damages for infringement in Sweden, the Netherlands, and the United Kingdom under the laws of these countries, respectively, and noting "that the principles of liability and of compensation are the same in these three jurisdictions" as in France, the forum country) (discussed *supra* text accompanying note 146). *Cf.* Cass. civ. I (Supreme Court), Mar. 5, 2002, JCP 2002 II, 10082, 994, *in English translation in* 34 I.I.C. 701 (2003) (explained *supra* note 71).

354 For further analysis, see Pamela Samuelson, *Intellectual Property Arbitrage: How Foreign Rules Can Affect Domestic Protections*, 71 U. CHI. L. REV. 223 (2004); Peter P. Swire, *Of Elephants, Mice, and Privacy: International Choice of Law and the Internet*, 32 INT'L LAW. 991 (1998).

parties to the relevant transactions. Part IV finally addressed transfers made as a matter of law, which are subject to still-more complex conflicts analyses. Policies favoring freedom of contract and the reliability of commerce may bear on the choice of laws to govern transfers either by contract or by law.

At this interface between copyright law and contract and related laws, harmonization is almost altogether absent. One Berne provision, article 14*bis*, instituted to harmonize provisions on the contractual allocation of rights in cinematographic works, has not had extensive effects because diplomatic drafting left it without effect in many cases.[355] A Treaty on the International Registration of Audiovisual Works was concluded under WIPO auspices in 1989, and it contained presumptions regarding the priority of transfers of copyright; however, neither this treaty nor the international registry, which it contemplated for ownership data, has ever been made operational.[356] There is a project for an UNCITRAL Convention on the Assignment of Receivables: it could harmonize rules governing the priority of security interests in copyright, but it could at the same time operate to the detriment of authors and their successors by undercutting their claims of priority to royalties.[357]

The policy issues here are formidable. Should public legislative decisions substitute for the private contractual decisions of authors, media enterprises, and end-users who deal with each other? In cases of team and employees' works, the issue of who is the initial vestee of copyright is often vexed: some laws always vest rights in flesh-and-blood creators as a matter of principle, and some laws sometimes vest rights in creators' principals to facilitate commerce.[358] With regard to copyright contracts, different legal cultures take different positions: some impose complex rules on such contracts, for example, to protect authors against media enterprises; others impose minimal rules, to allow parties to decide for themselves how to allocate rights in works among themselves.[359] The approach proposed here holds to the principle of national treatment, imposing only such con-

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355 Berne Convention, *supra* note 17, art. 14*bis*. For a critical analysis, see Georges Koumantos, *Remarques sur l'application de l'article 14bis de la Convention de Berne (Stockholm)* (in the translation: *Remarks on the Application of article 14bis of the Berne Convention (Stockholm)*), 61 RIDA 27 (1969).

356 For the text of the Treaty and accompanying Regulations, see WIPO, Diplomatic Conference for the Conclusion of a Treaty on the International Registration of Audiovisual Works, 1989 Copyright 165, 176.

357 *Cf.* the UNCITRAL Draft Convention on the Assignment of Receivables in International Trade, arts. 9(3)(b), 10(4)(b) (2001), *available at* http://www.uncitral.org/en-index.htm (last visited Jan. 6, 2004).

358 *See supra* Part IV.A.3.

359 *See supra* Part IV.B.3.

tract-relevant rules as necessarily derive from the prerogatives included within the copyright bundle in a given country.[360] Otherwise, this approach allows for freedom to transfer rights by contract, so that, absent clear law to the contrary, public consensus is not to substitute for private consensus in copyright transactions.[361]

Internet transactions illustrate both the advantages and limits of this approach. Such transactions can allow creators to collaborate from the four corners of the earth and to disseminate works worldwide. But the reach of such Internet transactions, being hard to localize, may well throw courts back to the consensus of private parties for rules to govern their transactions, including their choice of contract law.[362] But what if the terms of party consensus are not clear, as they might well not be, for example, when creators collaborate informally on the Internet? What if assent is problematic, for example, when enterprises dominating a market sector impose click-on standard terms?[363] We have here only touched on some of these questions.[364]

VI. CONCLUSION

Conflicts of laws arise in copyright cases with regard to infringement and ownership issues. We have looked to the Berne/TRIPs principles to guide the resolution of conflicts concerning infringement issues and to provide the background for the resolution of conflicts concerning ownership issues. We have also tried to furnish counsel and the courts with tools that might ultimately help judges to respect treaty principles while performing their inherent functions of characterization, finding false conflicts, and tailoring remedies. Having just noted the limits of such an approach in exceptionally hard cases,[365] we shall here conclude by resuming the lessons which we have drawn for most cases that are likely to arise.

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360 *See supra* Part IV.B.1.

361 *See supra* Part IV.B.2.

362 *See generally* I. Trotter Hardy, *The Proper Legal Regime for "Cyberspace"*, 55 U. PITT. L. REV. 993, 1028-36 *passim* (1994) (describing the ease of resolving legal issues in networks by contract).

363 *Compare* Alan Ragueneau, *UCITA and the Impact on European Copyright Law — A Choice of Law Analysis*, 49 J. COPR. SOC'Y 1057 (2002) (critiquing conflicts analysis that might tend to export such standard terms), *with* Raymond T. Nimmer, *Licensing on the Global Information Infrastructure: Disharmony in Cyberspace*, 16 NW. J. INT'L L. & BUS. 224, 235-47 *passim* (1995) (analyzing conflicts implications of attempts to govern Internet contracting with standard terms).

364 *See supra* text accompanying notes 227-29 and note 265. *See also* Geller, *Conflicts of Laws in Cyberspace*, *supra* note 2, at 109-11 (further discussion on point).

365 *See supra* Part V.

The principle of national treatment leads to governing infringement issues by the laws of the countries where infringement is alleged to occur.[366] We have argued in favor of localizing any allegedly infringing act in a country only if the transaction including that act is incoming relative to that country. We have also explained how any resulting choice of law may be implemented at the initial stage of granting provisional injunctive relief and at the final stage of determining ultimate liability for monetary awards.[367] At the initial stage, a court may base injunctions on the laws of the countries that make up most of the overall marketplace to be impacted by impending infringement in the case, while the court should base monetary liability on the laws of each of the countries, respectively, where infringement has taken place. In Internet cases, this approach provides a useful framework for fashioning remedies.[368]

Initial ownership normally arises in the author or authors of the work at issue. In hard cases, where there are conflicting laws on point, we have argued that, however rights are vested upon creation, the rights should be initially allocated consistently with the consensus of the parties to the transactions leading to the creation of the work.[369] Where contracts convey rights after that, there will be rare cases where national treatment requires applying the few contract-relevant rules that derive definitionally from copyright prerogatives. Nonetheless, we have suggested that a court should be reluctant to apply local rules to foreign copyright contracts in cases that do not concern domestic authors.[370] We have, as well, sorted out the basic conflicts issues that may arise with regard to transfers made as a matter of law.[371]

366 *See supra* Part II.C.
367 *See supra* Part III.B.
368 *See supra* Part III.C.
369 *See supra* Part IV.A.3.
370 *See supra* Part IV.B.3.
371 *See supra* Part IV.C.

WAREZ TRADING AND CRIMINAL COPYRIGHT INFRINGEMENT

by ERIC GOLDMAN*

I. INTRODUCTION

Warez trading, the non-commercial hobby of collecting and trading copyrighted works (especially software), has been singled out as a major cause of online piracy. In the late 1990s, an industry group claimed that warez trading caused one-third of the world's software piracy losses.[1] More recently, the head of the Department of Justice's Computer Crime and Intellectual Property Section (CCIPS) said, "warez groups pose a growing and significant threat to intellectual property rights holders around the world. It is generally agreed that most of the pirated movies, music, games and software available on the Internet come from these high-level warez groups."[2]

However, legal efforts to control warez trading have been going on for a decade. In 1994, David LaMacchia, a student who operated a bulletin board service for the exchange of copyrighted software, was the first person criminally prosecuted for warez trading. At the time, criminal copyright infringement required infringement for commercial advantage or private financial gain. Because LaMacchia did not have a commercial motive, the government prosecuted him for conspiracy to commit wire fraud instead of criminal copyright infringement. However, a U.S. Supreme Court case had already declared that copyrighted works were not capable of being taken by fraud,[3] so the judge quickly dismissed the case.[4]

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1 *See* Adam L. Penenberg, *Where Do You Want to Pirate Today?*, FORBES, Aug. 8, 1997, *available at* http://www.forbes.com/1997/08/08/column.html.

2 *International Copyright Piracy: A Growing Problem with Links to Organized Crime and Terrorism: Hearings Before the Subcomm. on Courts, the Internet and Intellectual Property, House Comm. on the Judiciary*, 108th Cong. 11 (2003) (statement of John G. Malcolm, Deputy Assistant Attorney General, Criminal Division, U.S. Department of Justice), *available at* http://www.house.gov/judiciary/85643.pdf.

3 Dowling v. United States, 473 U.S. 207 (1985), *available at* http://caselaw.lp.findlaw.com/scripts/getcase.pl?navby=case&court=us&vol=473&invol=207.

After three years of trying, copyright owners finally addressed the perceived hole exposed by LaMacchia's prosecution when Congress enacted the No Electronic Theft (NET) Act (the "NET Act")[5] in 1997. The NET Act modified criminal copyright law to address LaMacchia's conduct in two principal ways: first, it expanded the definition of "financial gain" to cover bartering implicit in warez trading, and second, it created a new basis of criminal infringement based only on a minimum quantum of infringement (irrespective of motive).

Unquestionably, the NET Act has successfully criminalized most warez trading, and the Department of Justice is adding to its list of successful warez prosecutions at a seemingly ever-increasing rate. Since its passage, over eighty warez traders have been convicted under the NET Act (or analogous doctrines like conspiracy where the underlying claim is a NET Act violation), and twenty of those defendants have received jail sentences. This Article discusses how criminal copyright law applies to warez trading, some enforcement actions under the NET Act, and some policy concerns about criminalizing warez trading.

II. WHAT IS WAREZ TRADING?

The generic term "warez trader" imprecisely lumps together at least four disparate sub-communities within the warez scene. To understand the warez scene, each sub-community must be separately analyzed.

Warez distributors are fairly large and organized operations optimized to generate high volumes of new warez quickly.[6] These operations divide up several discrete tasks among their members, including sourcing new warez, cracking any technological protection devices, testing the cracked warez to make sure they still work, packaging the warez for easy distribution, couriering the warez to propagate the warez to other sites or throughout the Internet, performing systems administration on the computers used by the group, and managing/overseeing the operations.

Warez collectors actively collect and trade warez outside of the distribution groups. They may be trying to gain admission to a warez distribution group or are enthusiasts who like showing off trophies.[7]

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[4] United States v. LaMacchia, 871 F. Supp. 535 (D. Mass. 1994), *available at* http://www.loundy.com/CASES/US_v_LaMacchia.html.

[5] No Electronic Theft (NET) Act, Pub. L. No. 105-147, 111 Stat. 2678 (1997), *available at* http://www.usdoj.gov/criminal/cybercrime/17-18red.htm.

[6] *See* U.S. Department of Justice, Operation Buccaneer: Illegal "Warez" Organizations and Internet Piracy (July 19, 2002), *available at* http://www.cybercrime.gov/ob/OBorg&pr.htm [hereinafter DOJ Warez Organizations].

[7] *See* David McCandless, *Warez Wars*, WIRED, Apr. 1997, *available at* http://hotwired.wired.com/collections/hacking_warez/5.04_warez_wars_pr.html.

Warez downloaders do not trade warez per se. Instead, they download warez to use them on a trial or permanent basis. Many warez downloaders just want free software or the latest cutting edge stuff.[8] However, commercial piracy operations also download warez as new product to press on CDs and sell.[9]

Finally, *abandonware enthusiasts* collect, trade and distribute out-of-print software, particularly games.[10] Some abandonware enthusiasts consider themselves historians or archivists, but in all other respects their actions are indistinguishable from other warez traders.[11]

III. THE CRIMINAL COPYRIGHT INFRINGEMENT STATUTE

Criminal copyright infringement is the willful infringement of a copyright (a) for purposes of commercial advantage or private financial gain,[12] or (b) by the reproduction or distribution (including by electronic means), during any 180-day period, of copyrighted works with a total retail value of more than $1,000.[13]

For a first-time violation where the infringement involves reproducing or distributing at least ten copies with a total retail value of more than $2,500, criminal penalties include up to five years imprisonment (in the case of § 506(a)(1)) or up to three years imprisonment (in the case of § 506(a)(2)), and in each possibly a fine.[14] Because it offers greater penalties, generally the government prefers to prosecute under § 506(a)(1).[15] Otherwise, all other criminal infringements can result in up to one-year imprisonment and possibly a fine. In all cases, defendants should forfeit the equipment used to commit infringement.[16]

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[8] *See* Stephen Poole, PC Pirates, CNET GameSpot.com, at 5, *at* http://www.gamespot.com/features/pirates/page10.html (last visited Mar. 7, 2003).

[9] *See, e.g.*, DOJ Warez Organizations, *supra* note 6.

[10] *See* Greg Costikyan, *New Front in the Copyright Wars: Out-of-Print Computer Games*, N.Y. TIMES, May 18, 2000, *at* http://www.nytimes.com/library/tech/00/05/circuits/articles/18aban.html.

[11] *See* David Noack, *'Abandoned' Software Issue Draws a Crowd of Opinions*, INVESTORS BUS. DAILY, Dec. 8, 2003, at A08.

[12] 17 U.S.C. § 506(a)(1) (2000), *available at* http://www4.law.cornell.edu/uscode/17/506.html.

[13] *Id.* § 506(a)(2), *available at* http://www4.law.cornell.edu/uscode/17/506.html.

[14] 18 U.S.C. § 2319(b), (c) (2000), *available at* http://www4.law.cornell.edu/uscode/18/2319.html. *Id.* § 3571 (http://www4.law.cornell.edu/uscode/18/3571.html) governs the amount of fines.

[15] U.S. Department of Justice, Computer Crime and Intellectual Property Section, Prosecuting Intellectual Property Crimes Manual § III(B)(5) (also noting that a commercial motivation has better jury appeal), *at* http://www.cybercrime.gov/ipmanual/03ipma.htm [hereinafter DOJ IP Crimes Manual].

[16] 17 U.S.C. § 506(b) (2000), *available at* http://www4.law.cornell.edu/uscode/17/506.html.

The Sentencing Guidelines control the determination of actual sentences, and section 2B5.3 specifically applies to criminal copyright infringement.[17] In the portions most relevant to warez trading, the guidelines increase the offense level if the infringement involved uploading infringing items (including setting a minimum offense level),[18] decrypting or circumventing technological protection measures to gain access to the work,[19] and participating in an organized criminal enterprise.[20] Another guideline reduces the offense level when the offense is not committed for commercial advantage or private financial gain.[21]

IV. ELEMENTS OF A PROSECUTION AND APPLICABLE DEFENSES

To convict a defendant of criminal copyright infringement, the government must prove, beyond a reasonable doubt, the following elements: (1) a valid copyright exists, (2) it was infringed, (3) the infringement was willful, and (4) either (a) the infringement was for commercial advantage or private financial gain, or (b) the infringed works' retail value exceeded the statutory thresholds.[22]

A. Element #1: Valid Copyright

The government must demonstrate the existence of a valid copyright. Although copyright protection technically attaches when a work is created, the work's copyright must be registered before the work can support a prosecution.[23] If made within five years of the work's publication, registration is *prima facie* evidence that the copyright is valid.[24] Even without such a presumption, most warez are derived from works that should have no problem qualifying for copyright protection. As a result, this factor rarely will be relevant in a warez trading case.

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[17] U.S. SENTENCING GUIDELINES MANUAL § 2B5.3, *available at* http://www.ussc.gov/2002guid/2002guid.pdf.

[18] *Id.* § 2B5.3(b)(2).

[19] *Id.* § 2B5.3 app. 4 (pointing out that § 3B1.3, applicable to the use of special skills, applies).

[20] *Id.* § 2B5.3 app. 5(B).

[21] *Id.* § 2B5.3(b)(3).

[22] *See generally* DOJ IP Crimes Manual, *supra* note 15; A. HUGH SCOTT, COMPUTER AND INTELLECTUAL PROPERTY CRIME: FEDERAL AND STATE LAW 263-89 (2001).

[23] 17 U.S.C. § 411(a) (2000), *available at* http://www4.law.cornell.edu/uscode/17/411.html. Works that are not "United States works," as defined in 17 U.S.C., are excluded from this requirement.

[24] *Id.* § 410(c), *available at* http://www4.law.cornell.edu/uscode/17/410.html.

B. Element #2: Infringement

A copyrighted work can be infringed, among other ways, through unauthorized reproduction or distribution. Uploading warez to Usenet, IRC, a Web site or other place where it can be downloaded should constitute both reproduction (making a copy from a local computer to the file server) and distribution (when received by downloaders).[25] Downloading a file[26] and executing the file on a local computer[27] should each constitute a reproduction of the file.

While the government can often easily demonstrate that a particular warez item was reproduced or distributed, the government often has some difficulty connecting those activities to a particular defendant. There are several ways the government can try to make that connection, but no method is foolproof:[28]

- The government can show infringing activity associated with the defendant's username and password, but the defendant can claim that the username and password were stolen or shared;
- The government can show infringing activity associated with an IP address, but the government then must further show that the defendant was using this IP address at the applicable time;
- The government can obtain witness testimony that the defendant committed the infringing acts, but there are rarely "eyewitnessed" accounts of warez trading. However, even if they did not specifically see the defendant engaged in infringement, other group members or undercover agents often can offer damaging testimony;[29]

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[25] A&M Records v. Napster, Inc., 239 F.3d 1004 (9th Cir. 2001) (discussing liability of P2P file traders), *available at* http://www.law.cornell.edu/copyright/cases/239_F3d_1004.htm.

[26] *Id.* (discussing liability of P2P file downloaders); *In re* Aimster Copyright Litig., 334 F.3d 643, 645 (7th Cir. 2003) (same), *available at* http://www.nmpa.org/pr/Aimster_Opinion_6-30-2003.pdf; Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 259 F. Supp. 2d 1029, 1034-35 (C.D. Cal. 2003) (same), *available at* http://www.law.cornell.edu/copyright/cases/grokster.htm.

[27] It is well accepted that loading a copy into RAM is a reproduction. *See* MAI Sys. Corp. v. Peak Computer, Inc., 991 F.2d 511 (1993), *cert. dismissed*, 510 U.S. 1033 (1994), *available at* http://www.law.cornell.edu/copyright/cases/991_F2d_511.htm.

[28] *See generally* DOJ IP Crimes Manual, *supra* note 15, § III(E)(2).

[29] *See* Former DrinkOrDie Member Chris Tresco Answers, Slashdot.com, Oct. 4, 2002, *at* http://interviews.slashdot.org/interviews/02/10/04/144217.shtml?tid=123 (discussing how encrypting email does not help when other group mem-

- The government can obtain evidence from the defendant's computers, although defendants who encrypt or purge data can make this process more difficult;
- Finally, the government can try to prove infringement circumstantially. However, the government generally tries to avoid warez trading prosecutions based solely on circumstantial evidence.

Government-operated or -infiltrated file servers or Web sites give the government the best opportunity to obtain credible proof connecting a warez trader with infringing activity. This method is obviously difficult for the government, but it has been used successfully in, among others, the Fastlane and Operation Bandwidth (Rogue Warriorz) investigations.[30]

Warez distributors and collectors can try to minimize liability for distribution by requiring the government to show that an uploaded file was actually downloaded.[31] However, an infringing distribution can occur merely by making a copy *available* for distribution.[32] Further, this defense does not negate liability for copying the file during the upload process.

The First Sale doctrine, which allows redistribution of a legitimately-acquired physical copy of a copyrighted work,[33] is a frequently-raised defense in physical-space criminal copyright cases. However, it offers little help to warez traders because the doctrine only applies to physical copies (not electronic ones)[34] and only negates distribution (not reproduction) liability.[35]

Finally, warez traders will often claim fair use. Fair use is a multi-factor test designed to balance the relatively absolute nature of a copyright monopoly with the social benefits accruing from limited uses of those copyrighted works. The factors are:

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bers give their passphrases to the government, making those emails readable).

30 *See infra* notes 109 and 142.

31 Although the case mostly focused on whether programs were functional, this argument was at issue in determining the proper retail value of the infringed items in the Pirates With Attitude case. *See* United States v. Rothberg, No. 00-CR-85, 2002 U.S. Dist. LEXIS 1569 (N.D. Ill. 2002).

32 *See* Hotaling v. Church of Jesus Christ of Latter-Day Saints, 118 F.3d 199, 203 (4th Cir. 1997), *available at* http://www.law.emory.edu/4circuit/june97/961399.p.html. Congressional bills introduced in Summer 2003 are targeted at closing any potential loophole regarding files made available for distribution. *See infra* note 173.

33 17 U.S.C. § 109(a) (2000), *available at* http://www4.law.cornell.edu/uscode/17/109.html.

34 "Copies" and "phonorecords" both are defined to cover "material objects." *Id.* § 101, *available at* http://www4.law.cornell.edu/uscode/17/101.html.

35 *Id.* § 109(a) (2000), *available at* http://www4.law.cornell.edu/uscode/17/109.html.

- the purpose and character of the use, including whether such use is of a commercial nature or is for nonprofit educational purposes;
- the nature of the copyrighted work;
- the amount and substantiality of the portion used in relation to the copyrighted work as a whole; and
- the effect of the use upon the potential market for or value of the copyrighted work.[36]

Because fair use is an equitable defense, courts routinely craft their analyses to support the result they think is appropriate. As a consequence, a fair use defense is highly unpredictable.

Nevertheless, we can make some educated guesses about how courts might apply the factors to warez trading. For example, the second and third factors will usually weigh against a warez trader. The types of files made into warez (software, music, movies) are generally close to copyright's core, and warez traders usually make a complete (or near-complete) copy of each traded work.

The first factor can be a little harder to apply. By definition, warez traders do not infringe for profit. Some commentators have suggested that noncommercial infringement presumptively should be considered fair use,[37] which would make noncommercial warez trading immune from prosecution.

However, the NET Act redefined "financial gain" to include the receipt or expectation of receipt of copyrighted works. Under this definition, many warez traders technically infringe for "financial gain."[38] Thus,

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[36] *Id.* § 107, *available at* http://www4.law.cornell.edu/uscode/17/107.html.

[37] *See* Lydia P. Loren, *Digitization, Commodification, Criminalization: the Evolution of Criminal Copyright Infringement and the Importance of the Willfulness Requirement*, 77 WASH. U. L. Q. 835, 887 (1999), *available at* http://www.wulaw.wustl.edu/WULQ/77-3/773-835.pdf; James E. Neuman, *Copyright Violations Face Criminal Exposure*, N.Y.L.J., Oct. 13, 2001, at S3; *see also* DOJ IP Crimes Manual, *supra* note 15, § III(C)(3). In 1984, the Supreme Court said that commercial use was presumptively unfair, Sony Corp. v. Universal City Studios, 464 U.S. 417, 449 (1984), *available at* http://www.law.cornell.edu/copyright/cases/464_US_417.htm, but effectively abandoned this presumption a decade later. *See* Campbell v. Acuff-Rose Music, Inc, 510 U.S. 569, 584 (1994), *available at* http://supct.law.cornell.edu/supct/html/92-1292.ZS.html.

[38] The *Napster* ruling specifically noted the NET Act's revised financial gain definition to conclude that P2P file traders engage in commercial infringement under the fair use analysis. A&M Records v. Napster, Inc., 239 F.3d 1004, 1015 (9th Cir. 2001), *available at* http://www.law.cornell.edu/copyright/cases/239_F3d_1004.htm. Even before the NET Act's passage, the Department of Justice believed that warez traders' bartering constituted illegal "financial gain." *See* United States Consolidated Response to Defendants' Pre-Trial

in *United States v. Slater*, a warez trader argued that warez trading was noncommercial because traders did not pay to download,[39] but the Seventh Circuit soundly rejected this argument, commenting that it "barely pass[es] the straight-face test."[40] The *Slater* court said warez trading was a form of barter: the trader contributes valuable services to the warez group in exchange for access to commercially available software.[41]

Alternatively, the Ninth Circuit in *Napster* said that P2P file-sharers infringed for commercial purposes because "repeated and exploitative" copying for personal benefit meant the users could avoid purchasing legitimate copies.[42] If P2P file traders make "repeated and exploitative" copies, warez traders do too.

In some cases, the court will bypass the commercial-educational spectrum and instead weigh the first factor in favor of fair use when the copy is "transformative," meaning that it "adds something new, with a further purpose or different character, altering the first with new expression, meaning or message."[43] Although a warez copy may not be identical (due to the removal of copy protection devices, the addition of .nfo files, etc.), these changes do not "transform" the work into something different. However, some courts have found transformative uses based solely on the resulting work having a different purpose, even if nothing new is added.[44] Under this approach, warez could have different purposes when they are used for evaluation purposes or as trophies. Nevertheless, unless a court uses a liberal transformative interpretation, warez traders are unlikely to have the first fair use factor weigh in their favor.

The fourth factor is generally regarded as the most important fair use factor,[45] so a warez trader can go a long way towards establishing a fair use defense if the trader can convince the fact-finder that warez trading does not detrimentally affect the copyright owner's market. This argument is not completely far-fetched; many warez distributors and collectors never use the warez they trade or archive, and certainly they would never

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Motions, United States v. Rothberg, No. 00-CR-85, at 7 n.1, 11 (N.D. Ill. 2002).

[39] United States v. Slater, 348 F.3d 666 (7th Cir. 2003), *available at* http://www.ca7.uscourts.gov/op3.fwx?submit1=showop&caseno=02-2059.PDF.

[40] *Id.*

[41] *Id.*

[42] A&M Records, 239 F.3d at 1015, *available at* http://www.law.cornell.edu/copyright/cases/239_F3d_1004.htm.

[43] Campbell v. Acuff-Rose Music, Inc, 510 U.S. 569, 579 (1994), *available at* http://supct.law.cornell.edu/supct/html/92-1292.ZS.html.

[44] *See* Kelly v. Arriba Soft Corp., 280 F.3d 934 (9th Cir. 2002), *available at* http://images.chillingeffects.org/cases/Kelly_v_Arriba.html.

[45] Harper & Row v. Nation Enters., 471 U.S. 539 (1985), *available at* http://www.law.cornell.edu/copyright/cases/471_US_539.htm.

purchase those works.[46] Thus, a collector who just downloads warez could try to argue that those activities do not adversely affect the market.

Justifying uploading/distribution under the fourth factor is harder. A warez trader could argue that most downloads are made by other warez traders, cycling warez through a group of people who would never buy them. However, some downloaders do use warez as a substitute for the original, in which case those copies could constitute lost sales.[47] Further, some commercial pirates use warez sites as a source of new inventory.[48] Even though warez traders usually strongly object to commercial piracy, warez distribution can facilitate commercial piracy and thus detrimentally affect the market for traded works. As a result, many courts will not weigh the fourth factor in favor of warez trading defendants.[49]

Given the nature of their commodity, abandonware traders may have a little more luck on the fourth factor. By definition, abandonware cannot hurt a market that the copyright owner has stopped pursuing. However, some courts protect a copyright owner's choice not to exploit a market,[50] and in those cases, even the abandonware trader will find little relief under fair use.

Putting aside the technical analysis of the fair use factors, there is little reason to believe that warez trading constitutes fair use. Warez trading is not the type of socially-beneficial behavior that fair use was intended to encourage, so courts are not likely to interpret the defense broadly to help out warez traders. As the Seventh Circuit harshly stated in *Slater*, "[i]t is preposterous to think that [warez trading] is authorized by virtue of the fair use doctrine."[51]

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[46] *See* David Pogue, *Some Warez over the Rainbow*, MACWORLD, Oct. 1997, at 3, *available at* http://www.macworld.com/1997/10/opinion/3919.html.

[47] *See generally* Jon Healey, *Secret Movie Moguls*, L.A. TIMES, Jan. 7, 2004, Part A, at 1 (discussing how pirated movies posted to top warez sites filter down to P2P file sharers who may use the files as substitutes for the original).

[48] *See* DOJ Warez Organizations, *supra* note 6.

[49] *See* United States v. Slater, 348 F.3d 666 (7th Cir. 2003) ("The government also presented expert testimony on the harmful effect of [warez trading] on the potential market for the copyrighted work, though we think this point is fairly obvious."), *available at* http://www.ca7.uscourts.gov/op3.fwx?submit1=showop&caseno=02-2059.PDF.

[50] *E.g.*, Castle Rock Entm't v. Carol Publ'g Group, Inc., 150 F.3d 132 (2d Cir. 1998), *available at* http://www.law.cornell.edu/copyright/cases/150_F3d_132.htm.

[51] *Slater*, 348 F.3d 666, *available at* http://www.ca7.uscourts.gov/op3.fwx?submit1=showop&caseno=02-2059.PDF.

C. *Element #3: Willfulness*

The government has the burden to prove the defendant's conduct was willful. Willfulness is "a word of many meanings whose construction is often dependent on the context in which it appears."[52] In the criminal copyright infringement context, the word's meaning remains unresolved.

There are two different standards used to define "willfulness." The minority view says that willfulness requires the government to prove only that the defendant had the intent to copy.[53] Under this position, warez trading is willful by definition. However, this position has been heavily criticized,[54] and language added to § 506(a)(2) by the NET Act ("evidence of reproduction or distribution of a copyrighted work, by itself, shall not be sufficient to establish willful infringement") may have ended any credible argument that the minority position applies to criminal copyright infringement.[55]

The majority view says that willfulness requires the government to prove that the defendant specifically intended to infringe such that the infringement was a voluntary, intentional violation of a known legal duty.[56] This view creates several additional defenses:

- The defendant (incorrectly) believed in good faith that he or she did not infringe because the original and copy are dissimilar or because of the First Sale doctrine.[57] This defense offers limited hope to warez traders. As discussed earlier, the First Sale doctrine does not apply to electronic copies, and warez are usually duplicates of the originals. Rarely will these questions be debatable enough to allow a court to conclude that the belief was reasonable;
- The defendant (incorrectly) believed in good faith that the use was fair.[58] Although in some cases the fair use question

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52 Bryan v. United States, 524 U.S. 184 (1998), *available at* http://supct.law.cornell.edu/supct/html/96-8422.ZS.html.

53 SCOTT, *supra* note 22, at 277.

54 Scott characterizes the minority view as "doubtful," *id*, and Loren says the minority cases "are not nearly as definite as commentators have made them out to be." Loren, *supra* note 37, at 877.

55 Scott says the added language casts doubts on the minority view's viability. SCOTT, *supra* note 22, at 277. Nimmer says that the added language precludes any prosecutions based on simple proof of conduct violating the Copyright Act. 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 15.02[B][2] (2002).

56 SCOTT, *supra* note 22, at 277; NIMMER & NIMMER, *supra* note 55, § 15.02[A][2].

57 *See* NIMMER & NIMMER, *supra* note 55, § 15.02[A][2] (characterizing this as the "better" view).

58 *See id.*

could be just debatable enough to support a good faith belief, the Seventh Circuit's *Slater* opinion (characterizing the fair use defense as "preposterous") emphatically suggests otherwise;

- The defendant did not know the law.[59] Criminal copyright infringement laws are technical and opaque, so understandably many warez traders do not understand how their behavior violates the law — and, in fact, warez traders are often incredulous when caught.[60] However, the defense may apply only if the defendant did not know the laws applicable to *civil* infringement. Warez traders generally know that they are infringing.[61] In fact, committing infringement is a key objective — no reputable warez trader wants to distribute or collect files (like public domain material or open source software) that are freely available to everyone. Because most warez traders know they are doing *something* wrong, this defense will likely fail.

While the majority view of willfulness imposes a reasonably high standard on the government, warez trading is probably willful under either the majority or minority views.

D. Element #4(a): Commercial Advantage or Private Financial Gain

To prosecute under § 506(a)(1), the government must prove that the infringement was made for commercial advantage or private financial gain. The post-NET Act definition of "financial gain" covers the "receipt, or expectation of receipt, of anything of value, including the receipt of other copyrighted works."[62] Thus, to the extent that a warez trader barters (implicitly or explicitly) copyrighted works, that activity can be characterized as being for financial gain. Although warez traders often trade hundreds or even thousands of copyrighted works, even a single barter suffices.

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[59] *See* SCOTT, *supra* note 22, at 278; Loren, *supra* note 37, at 869. *See generally* DOJ IP Crimes Manual, *supra* note 15, § III(B)(3).

[60] *See A Guilty Plea to Violating Copyright Law*, STAR-LEDGER (Newark, N.J.), Dec. 9, 2003, at 33 (quoting the attorney for James Remy).

[61] *See* David Tetzlaff, *Yo-Ho-Ho and a Server of Warez*, *in* THE WORLD WIDE WEB AND CONTEMPORARY CULTURAL THEORY 115 (Andrew Herman & Thomas Swiss eds., 2000).

[62] 17 U.S.C. § 101 (2000), *available at* http://www4.law.cornell.edu/uscode/17/101.html.

Some warez traders assert that they share warez without any expectation of return.[63] Even so, the Seventh Circuit found financial gain when a warez distribution group member provides services to the group in exchange for access to the warez database.[64]

E. Element #4(b): Retail Value of Infringed Works

A felony conviction under § 506(a)(1) requires the government to prove that the defendant reproduced or distributed copyrighted works with a retail value of at least $2,500.[65] Alternatively, prosecutions under § 506(a)(2) require the government to prove that the defendant, in any 180-day period, reproduced or distributed copyrighted works with a retail value over $2,500 for felony prosecutions[66] or $1,000 for misdemeanors.[67]

A copyrighted work can have a number of different "retail" values, ranging from the manufacturer's list price to the "street" price to the price paid for an infringing copy (which, for warez, is zero). So how is retail value determined? The statute intentionally does not define the term.[68] While this omission seems problematic, courts will likely refer to the Sentencing Guidelines' definition of retail value for guidance. That definition sets up a shifting standard for determining retail value: the default is the

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[63] *See* Stephen Granade, Beelzebub Interview, Brasslantern.com, *at* http://brasslantern.org/community/interviews/beelzebub.html (last visited Dec. 1, 2003).

[64] United States v. Slater, 348 F.3d 666 (7th Cir. 2003), *available at* http://www.ca7.uscourts.gov/op3.fwx?submit1=showop&caseno=02-2059.PDF.

[65] 18 U.S.C. § 2319(b)(1) (2000), *available at* http://www4.law.cornell.edu/uscode/18/2319.html. In addition, the defendant must have reproduced or distributed at least ten copies of copyrighted works, a standard easily met in most warez cases.

[66] *Id.* § 2319(c)(1), *available at* http://www4.law.cornell.edu/uscode/18/2319.html. In addition, the defendant must have reproduced or distributed at least ten copies of copyrighted works, a standard easily met in most warez cases.

[67] *Id.* § 2319(c)(2), *available at* http://www4.law.cornell.edu/uscode/18/2319.html.

[68] From the House Report accompanying 1992 Copyright Felony Act (the criminal copyright law amendment preceding the NET Act):

> The term "retail value" is deliberately undefined, since in most cases it will represent the price at which the work is sold through normal retail channels. At the same time, the Committee recognizes that copyrighted works are frequently infringed before a retail value has been established, and that in some cases, copyrighted works are not marketed through normal retail channels. Examples include motion picture prints distributed only for theatrical release, and beta-test versions of computer programs. In such cases, the courts may look to the suggested retail price, the wholesale price, the replacement cost of the item, or financial injury caused to the copyright owner.

H.R. REP. NO. 102-997, at 6-7 (1992), *available at* http://www.usdoj.gov/criminal/cybercrime/CFAleghist.htm.

price paid for the infringing copies,[69] but the value shifts to the retail value of legitimate copies in (among others) the following circumstances:

- the infringing item is identical or substantially equivalent to the infringed item, or is a digital or electronic reproduction;
- the infringing item's retail value is difficult or impossible to calculate without unduly complicating or prolonging the proceedings; or
- the infringed item's retail value more accurately assesses the pecuniary harm suffered by the owner.[70]

Based on these factors (especially the first), the retail value used in warez trading cases invariably should be the retail value of legitimate copies.[71] Thus, warez traders should generate high values of infringed works. Indeed, many DrinkOrDie defendants stipulated to infringing works with retail value of between $2,500,000 and $5,000,000,[72] the judge set the retail value for the Pirates With Attitude ("PWA") defendants at $1,424,640,[73] and an individual warez collector recently stipulated to infringing items with a retail value of over $2.2 million.[74]

In reality, the actual retail value of the copyrighted works infringed by those defendants probably vastly exceeded those amounts. Retail value computations are suppressed by the government's evidentiary challenge of connecting infringing copies with defendants.[75] Even so, with high dollar

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69 U.S. SENTENCING GUIDELINES MANUAL § 2B5.3, app. 1, *available at* http://www.ussc.gov/2002guid/2002guid.pdf.

70 *Id.* § 2B5.3, app. 2.

71 *See* United States v. Slater, 348 F.3d 666 (7th Cir. 2003) (affirming the district court's decision to equate infringing item's retail value with the infringed item's retail value for Sentencing Guideline purposes because a warez file is the "virtual equivalent" and "digital duplicates" of the infringed software), *available at* http://www.ca7.uscourts.gov/op3.fwx?submit1=showop&caseno=02-2059.PDF.

72 *See, e.g.*, Press Release, U.S. Department of Justice, Leader of Internet Software Piracy Organization Pleads Guilty to Conspiracy (Feb. 27, 2002), *available at* http://www.cybercrime.gov/sankusPlea.htm.

73 United States v. Rothberg, No. 00 CR 85, 2002 WL 171963, *6 (N.D. Ill. Feb. 4, 2002).

74 Press Release, U.S. Department of Justice, Man Admits to Distribution of Pirated Movies, Music, Computer Software and Games Worth Over $2.2 Million (Dec. 8, 2003), *available at* http://www.cybercrime.gov/remyPlea.htm.

75 *Id.* (discussing how the district court reduced the number of infringed works from the FBI's proposed number of 34,582 down to 3,947, the number of files on the server when it was seized).

values attached to the most attractive warez, most warez traders should easily clear the $2,500 felony standard.[76]

F. Statute of Limitations

The statute of limitations for criminal copyright infringement is five years.[77] So far, most cases appear to be brought well before that, as stale cases pose extra evidentiary challenges.

V. OTHER CRIMINAL LIABILITY OF WAREZ TRADING

Congress has created several new intellectual property crimes in the past decade, giving the government more tools to prosecute warez traders than were available during LaMacchia's prosecution. Therefore, even if the government cannot or does not want to prosecute a warez trader for copyright infringement, the trader may not be off the hook.[78] Alternatively, the government may bring multiple charges against a defendant to increase the defendant's incentives to plead guilty.[79]

A. Anti-Circumvention Laws

In 1998, Congress passed the Digital Millennium Copyright Act (DMCA) prohibiting the circumvention of technological measures that effectively control access to a copyrighted work[80] and the making of or trafficking in a device that circumvents such technological measures.[81] Punishments for the first offense include imprisonment of up to five years and a fine of up to $500,000.[82]

Every major warez distribution group has at least one cracker who specializes in disabling or bypassing copyright protection devices.[83] The

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[76] Even smaller players like Levy, Thornton and Fitzgerald easily cleared the felony threshold (stipulating to $5,000, $9,638 and over $40,000, respectively). *See infra* notes 100, 102 and 150.

[77] 17 U.S.C. § 507(a) (2000), *available at* http://www4.law.cornell.edu/uscode/17/507.html.

[78] Of course, warez traders can be civilly sued for copyright infringement as well.

[79] *See* William J. Stuntz, *The Pathological Politics of Criminal Infringement*, 100 MICH. L. REV. 505, 520 (2001) (calling this practice "charge-stacking").

[80] 17 U.S.C. § 1201(a)(1) (2000), *available at* http://www4.law.cornell.edu/uscode/17/1201.html.

[81] *Id.* §§ 1201(a)(2), 1201(b), *available at* http://www4.law.cornell.edu/uscode/17/1201.html. This law was used to prosecute David Rocci for distributing and selling mod chips that allowed games warez to be played on game consoles. *See* Press Release, U.S. Department of Justice, Justice Department Seizes Top Internet Site Involved in Copyright Piracy (Feb. 26, 2003), *available at* http://www.usdoj.gov/criminal/cybercrime/rocciPlea.htm.

[82] 17 U.S.C. § 1204 (2000), *available at* http://www4.law.cornell.edu/uscode/17/1204.html.

[83] *See* DOJ Warez Organizations, *supra* note 6.

cracker's behavior should violate the DMCA, and other group members can be prosecuted as conspirators or aiders/abettors. While there are some exceptions to the law,[84] these exceptions are very technical in nature, and a typical warez trader cannot credibly argue that the exceptions apply.

B. Anti-Hacking Laws

The Computer Fraud and Abuse Act (the "CFAA"),[85] historically designed as an anti-hacking statute, has become a general-purpose federal anti-trespassing law applicable to warez trading in at least two ways.

First, the CFAA criminalizes accessing computer systems without authorization to obtain information,[86] a provision that could apply to illegitimately obtaining warez from a copyright owner's computer system. For example, the CFAA may have been violated when a PWA group member allowed other members to take software from Microsoft's internal computer network.[87] Punishment for the first offense can include imprisonment of up to five years and a fine if the act was committed for commercial advantage or private financial gain, if the taken information's value exceeded $5,000, or if the act furthered other crimes or torts (such as copyright infringement).[88]

Second, the CFAA criminalizes accessing computer systems without authorization and causing damage.[89] In the warez context, this provision could apply to the use of third party computer networks without authori-

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[84] 17 U.S.C. § 1201(d)–(j) (2000), *available at* http://www4.law.cornell.edu/uscode/17/1201.html. These exceptions cover libraries and universities, law enforcement, reverse engineering (in very limited circumstances), encryption research (in very limited circumstances), devices that protect minors from accessing harmful material on the Internet, the circumvention of devices to protect personal information, and security testing (in very limited circumstances).

[85] 18 U.S.C. § 1030 (2000 & Supp. I 2001), *available at* http://www4.law.cornell.edu/uscode/18/1030.html.

[86] *Id.* § 1030(a)(2)(C), *available at* http://www4.law.cornell.edu/uscode/18/1030.html. Portions of the Electronic Communications Privacy Act could also apply if the conduct involves hacking into email servers to obtain emails. *Id.* § 2701, *available at* http://www4.law.cornell.edu/uscode/18/2701.html.

[87] *See* Press Release, U.S. Department of Justice, U.S. Indicts 17 in Alleged International Software Piracy Conspiracy (May 4, 2000), *available at* http://www.usdoj.gov/criminal/cybercrime/pirates.htm.

[88] 18 U.S.C. § 1030(c)(2) (Supp. I 2001), *available at* http://www4.law.cornell.edu/uscode/18/1030.html.

[89] *Id.* § 1030(a)(5)(A), *available at* http://www4.law.cornell.edu/uscode/18/1030.html. 18 U.S.C. § 1030(a)(4) may also apply if the conduct was done knowingly with the intent to defraud and the value of the network usage exceeds $5,000 in a year.

zation to distribute warez or conduct group business (with the damage being the use of network resources or the security measures taken to abate the intrusion). Punishment for the first offense can include imprisonment of up to five years and a fine if the damage was caused "recklessly."[90]

In addition to the federal CFAA, many states have anti-hacking or anti-computer trespass statutes that would allow state prosecutors to bring suit against warez traders for the same behavior.

C. *Anti-Theft Laws*

A warez trading operation may involve the theft of physical items. For example, Intel employees exchanged stolen Intel servers for access to PWA's warez database.[91] At a minimum, the Intel employees could be prosecuted for theft, and the other PWA members could be prosecuted for receiving stolen property or participating in a conspiracy to commit theft.

D. *Trade Secret Protection Laws*

In 1996, Congress passed the Economic Espionage Act,[92] which in practice has established a federal anti-trade secret misappropriation statute. Many states also have their own anti-misappropriation criminal laws. These laws could apply to warez trading of any pre-release software versions (whether alpha, beta or golden master versions) that qualify as trade secrets, which should include many of the most coveted "0-day" warez.

E. *Copyright Management Information Integrity Laws*

While the DMCA's anti-circumvention provisions receive most of the media's attention, another provision of the DMCA — regarding the "integrity of copyright management information" — also could apply to warez trading. Copyright management information ("CMI") includes, among other things, a copyrighted work's title, author and other named contributors ("credits"), user agreement and identifying numbers like ISBN or serial numbers.[93]

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[90] *Id.* § 1030(c)(4)(B), *available at* http://www4.law.cornell.edu/uscode/18/1030.html. The same penalties apply if the prosecution is brought under 18 U.S.C. § 1030(a)(4).

[91] Press Release, U.S. Department of Justice, U.S. Indicts 17 in Alleged International Software Piracy Conspiracy (May 4, 2000), *available at* http://www.usdoj.gov/criminal/cybercrime/pirates.htm.

[92] 18 U.S.C. §§ 1831–39 (2000), *available at* http://www4.law.cornell.edu/uscode/18/pIch90.html. Section 1832 most specifically applies to warez trading.

[93] Copyright Management Information is defined as "(1) the title and other information identifying the work, including the information set forth on a notice of copyright, (2) the name of, and other identifying information about, the author of a work, (3) the name of, and other identifying information about, the copyright owner of the work, including the information set forth

The CMI integrity provisions prohibit providing (or distributing or importing for distribution) false CMI "knowingly and with the intent to induce, enable, facilitate, or conceal infringement."[94] They also prohibit removing or altering CMI, or distributing (or importing for distribution) CMI knowing it has been improperly removed or altered.[95] Punishments mirror those applicable to the anti-circumvention provisions: for the first offense, imprisonment of up to five years and a fine of up to $500,000.[96]

Warez trading can implicate the CMI integrity provisions in two ways. First, crackers may remove or alter CMI during the crack. Second, adding a .nfo file could be interpreted as providing false CMI with the intent to induce or enable infringement. The .nfo file's wording may make a difference, but claiming "authorship" of a crack could be a violation. Once again, all participants in a group should have joint liability for violation, either directly for distributing the CMI or indirectly as conspirators or aiders/abettors.

VI. CRIMINAL COPYRIGHT PROSECUTIONS OF WAREZ TRADERS

A. Overview

As discussed in Section 4, warez traders have few viable defenses to a criminal copyright prosecution. Not surprisingly, scores of warez traders have been successfully convicted of criminal copyright infringement. The

in a notice of copyright, (4) with the exception of public performances of works by radio and television broadcast stations, the name of, and other identifying information about, a performer whose performance is fixed in a work other than an audiovisual work, (5) with the exception of public performances of works by radio and television broadcast stations, in the case of an audiovisual work, the name of, and other identifying information about, a writer, performer, or director who is credited in the audiovisual work, (6) terms and conditions for use of the work, (7) identifying numbers or symbols referring to such information or links to such information, and (8) such other information as the Register of Copyrights may prescribe by regulation, except that the Register of Copyrights may not require the provision of any information concerning the user of a copyrighted work." 17 U.S.C. § 1202(c) (2000), *available at* http://www4.law.cornell.edu/uscode/17/1202.html.

[94] *Id.* § 1202(a), *available at* http://www4.law.cornell.edu/uscode/17/1202.html.

[95] *Id.* § 1202(b), *available at* http://www4.law.cornell.edu/uscode/17/1202.html. In addition to the DMCA's CMI integrity provisions, the Copyright Act separately prohibits, with fraudulent intent, placing a false copyright notice, *Id.* § 506(c), *available at* http://www4.law.cornell.edu/uscode/17/506.html, or removing or altering a copyright notice. *Id.* § 506(d), *available at* http://www4.law.cornell.edu/uscode/17/506.html. Because the associated punishment is only a $2,500 fine, these provisions are rarely enforced.

[96] *Id.* § 1204, *available at* http://www4.law.cornell.edu/uscode/17/1204.html.

Appendix provides a table of publicized warez-related prosecutions that have resulted in a conviction.

Significantly, the Department of Justice has won every publicized case they have brought under the NET Act, reflecting typical department care in selecting defendants and preparing cases. Not coincidentally, almost all warez trading defendants plead guilty when charged. At least some defendants do so to reduce their sentences.[97] Others may plead because of the warez trading ethos; traders know that they are playing a game that involves both winning and losing and thus may willingly accept losing if they feel the Feds outsmarted them. Whatever the reasons, only two warez traders, Christian Morley (PWA) and Tony Walker (Fastlane) have taken their case to a jury, and both lost.

As of February 1, 2004, at least twenty of the warez trading defendants listed in the Appendix have received jail sentences. Of those defendants, the (initial) average length is approximately 25.7 months; the longest jail sentence was forty-six months and the shortest was four months.[98] It is hard to draw many conclusive inferences about why sentences vary, except that generally a warez group leader gets the harshest sentence and mere participants (as opposed to leaders) often get probation instead of jail time.

B. Specific Prosecutions

1. Jeffrey Levy

In August 1999, Jeffrey Levy, a twenty-two-year old University of Oregon senior, became the first individual convicted under the NET Act. He was a small-time trader of music, movies and traditional warez. A "conservative estimate" of his warez's retail value was $70,000,[99] but he pleaded guilty to distributing warez with a retail value of at least $5,000 and was sentenced to two years probation.[100]

As a minor warez trader, normally Levy would have escaped prosecutorial attention. However, three months prior to his arrest, Congress angrily demanded that the government deliver some convictions

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[97] *See* U.S. SENTENCING GUIDELINES MANUAL § 3E1.1, *available at* http://www.ussc.gov/2002guid/2002guid.pdf.

[98] Note that these calculations are based on the initial sentence. Some defendants, especially DrinkOrDie group members, subsequently received reduced sentences, presumably due to their cooperation with the government.

[99] Press Release, U.S. Department of Justice, Defendant Sentenced for First Criminal Copyright Conviction Under the "No Electronic Theft" (NET) Act for Unlawful Distribution of Software on the Internet (Nov. 23, 1999), *available at* http://www.cybercrime.gov/levy2rls.htm.

[100] *Id.*

under the NET Act,[101] and Levy appears to have been a timely and easy target.

2. *Eric Thornton*

Eric John Thornton, another small warez trader who operated a Web site called "No Patience," was the second person convicted under the NET Act. In one specific instance, a third party downloaded twenty software programs with a retail value of $9,638.[102] Thornton pleaded guilty to a misdemeanor violation of the NET Act[103] and was sentenced to five years probation.[104] In an unusual twist, he had to post a cautionary tale on his Web site for eighteen months.[105] Thornton's prosecution resembles Levy's in import and timing, suggesting that both prosecutions were hurriedly initiated in response to Congress' demands but Thornton's prosecution just took longer than Levy's.

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101 At a hearing of the House Judiciary Committee's Subcommittee on Courts and Intellectual Property in May 1999, Rep. Coble demanded to know why there had been no convictions under the NET Act in eighteen months despite the industry lobbyists' arguments that "there is no shortage of potential prosecutions that could be pursued under the Act." *Implementation of the NET Act and Enforcement Against Internet Piracy: Hearing Before the House Judiciary Committee's Subcomm. on Courts and Intellectual Property*, 106th Cong. 1 (1999) (statement of Rep. Coble), *available at* http://www.house.gov/judiciary/cobl0512.htm.

102 Press Release, U.S. Department of Justice, Virginia Man Pleads Guilty to Charges Filed Under the "No Electronic Theft" (NET) Act for Unlawful Distribution of Software on the Internet (Dec. 22, 1999), *available at* http://www.cybercrime.gov/thornton.htm.

103 Bill Miller, *Giveaways Costly for Web Pirate*, WASH. POST, Dec. 23, 1999, at B1.

104 *Internet Pirate to Pay Restitution*, WASH. POST, Mar. 4, 2000, at B2.

105 Miller, *supra* note 103, at B1. The announcement, perhaps ghost-written by the Department of Justice, reads:

> All you WaReZ ToadZ out there need to read this!!!
>
> I am out of the WaReZ business. I have been contributing to the WaReZ scene for some time. OK! OK! I guess I knew it was illegal — but hell, everyone was doing it.
>
> One day, I was minding my own business at home when I heard a knock on my door. When I opened it, I was staring at gold badges being held by two FBI agents. They explained to me that I had been committing federal copyright infringement. They had been investigating my Web site with the assistance of the Business Software Alliance. They had even seized evidence from my ISP. Since I was facing a very serious felony charge I came clean with them. I was charged and now have a federal conviction.
>
> I didn't think anyone cared about WaReZ distribution on the Internet.
>
> Boy! Was I wrong!

3. Brian Baltutat

Brian Baltutat was a slightly more substantial warez trader than Levy or Thornton. He operated a Web site called "Hacker Hurricane" that offered 142 software programs for downloading and was visited by 65,000 people.[106] He was sentenced to three years probation and 180 days home confinement.[107]

4. Fastlane

In February 2001, the government finally scored a major bust by arresting nine members of the warez distribution group Fastlane.[108] The FBI infiltrated the group by setting up and surreptitiously operating a computer site known as Super Dimensional Fortress Macros (SDFM).[109] SDFM had 697 gigabytes uploaded and 1.9 terabytes downloaded between January to September 2000, with a total retail value over $1,000,000.[110]

All defendants were charged with one count of conspiracy to commit copyright infringement, and eight were charged with one count of committing copyright infringement.[111] Eight of the nine defendants pleaded guilty, while one defendant (Tony Walker) was found guilty at a jury trial.[112] Three defendants received jail sentences ranging from five to thirty months,[113] and the others received probation of three years.

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[106] Press Release, U.S. Department of Justice, Man Sentenced in Michigan for Offering Software Programs for Free Downloading on "Hacker Hurricane" Web Site (Jan. 30, 2001), *available at* http://www.cybercrime.gov/baltutatsent.htm.

[107] *Id.*

[108] The individual Fastlane defendants are:
Ryan Breding, aka "river," 26, of Oklahoma City, OK;
Steve Deal, aka "Doobie" and "Dewbie," 36, of Trenton, NJ;
Glendon Martin, aka "TeRRiFiC," 25, of Garland, TX;
Shane McIntyre, aka "Crypto," 22, of Boynton Beach, FL;
James Milne, aka "lordchaos" and "lc," 19, of Shawnee, KS;
Bjorn Schneider, aka "airwalker," "a|walker" and "aw," 20, of Falmouth, MA;
Kevin Vaughan, aka "DaBoo," 19, of Raleigh, NC;
Tony Walker, aka "SyS," 31, of San Diego, CA;
Tae Yuan Wang, aka "Terry Wang" and "Prometh," 19, of Bellevue, WA.
Press Release, U.S. Department of Justice, Nine Indicted in Chicago in $1 Million "Fastlane" Software Piracy Conspiracy (Feb. 16, 2001), *available at* http://www.cybercrime.gov/fastlane.htm.

[109] *Id.*

[110] *Id.* Other Fastlane-associated Web sites include Sacred Halls (SH) (operated by Milne), The Good News (TGN) (operated by Martin) and 4:20 (operated by Vaughan). *Id.*

[111] *Id.* Kevin Vaughan was not charged with committing copyright infringement.

[112] *See* United States v. Deal, No. 00-CR-774-8 (N.D. Ill. 2002).

[113] *See id.*

5. Pirates With Attitude

After Fastlane, PWA[114] was the next major warez distribution group busted. The group operated thirteen FTP servers, with its flagship site Sentinel housed at the University of Sherbrooke.[115] Sentinel had over 30,000 warez and more than 100 users.[116]

Seventeen defendants were indicted: twelve PWA members and five Intel employees who supplied computer hardware in exchange for access rights to the warez servers.[117] Following the indictments, many defendants entered into plea agreements. The government then claimed the warez had a retail value of over $10,000,000.[118] A group of defendants jointly moved to limit this retail value based on expectations the defendants formed while negotiating their plea agreements. The judge rejected

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[114] The individual Pirates With Attitude defendants are:
Convicted members of Pirates With Attitude:
Steven Ahnen, aka "Code3," 44, of Sarasota, FL;
Diane Dionne, aka "Akasha," 41, of West Palm Beach, FL;
Christian Morley, aka "Mercy," 29, of Salem, MA;
Thomas Oliver, aka "Rambone," 36, of Aurora, IL;
Jason Phillips, aka "Corv8," 31, of Plano, TX;
Justin Robbins, aka "Warlock," 26, of Lake Station, IN (Microsoft employee);
Robin Rothberg, aka "Marlenus," 34, of Newburyport, MA;
Jason Slater, aka "Technic," 31, of Sunnyvale, CA;
Mark Stone, aka "Stoned," 36, of Fountain Valley, CA;
Todd Veillette, aka "Gizmo," 42, of Oakdale, CT.
Convicted Intel employees:
Tyrone Augustine, 30, of New Rochelle, NY;
Brian Boyanovsky, aka "Boynger," 26, of Aloha, OR;
John Geissberger, 39, of Knoxville, TN;
Brian Riley, 32, of Portland, OR;
Gene Tacy, 27, of Hampstead, NH.
Fugitive members of Pirates With Attitude:
Kaj Bjorlin, aka "Darklord," Sweden;
Mark Veerboken, aka "Shiffie," Belgium.
Press Release, U.S. Department of Justice, Leader Of Software Piracy Sentenced To 18 Months In Prison (May 15, 2002), *available at* http://www.cybercrime.gov/rothbergSent_pirates.htm [hereinafter Rothberg Sentenced Press Release]. *See generally* United States v. Rothberg, No. 00-CR-85 (N.D. Ill. 2002); Special November 1999 Grand Jury Indictment, United States v. Rothberg, No. 00-CR-85 (N.D. Ill. 2002).

[115] Rothberg Sentenced Press Release, *supra* note 114.

[116] *Id.*

[117] *Id.*

[118] United States v. Rothberg, No. 00-CR-85, 2002 WL 171963, *1 (N.D. Ill. Feb. 4, 2002).

the motion but permitted defendants to rescind their plea agreements, and thus withdraw their guilty pleas, if they chose to.[119] None did.[120]

A group of defendants then petitioned the court to set a lower retail value. Using a series of questionable estimates, the court set the value at $1,424,640,[121] a calculation upheld by the Seventh Circuit.[122] With the retail value established, individual defendants were sentenced.

Robin Rothberg, the PWA leader, entered a blind guilty plea[123] but requested downward departure from the Sentencing Guidelines.[124] After obtaining some relief from the court on that front, he was sentenced to eighteen months in prison.[125]

Another PWA member, Christian Morley, did not negotiate a plea agreement and instead took his case to trial. A jury found him guilty, and he received two years in prison.[126] On appeal, Morley challenged the judge's failure to provide a jury instruction regarding fair use, but the Seventh Circuit affirmed this omission.[127]

Two other defendants, Jason Slater and Justin Robbins, received jail sentences of eight months and seven months, respectively.[128] Nine defendants received five years probation, and two defendants (Thomas Oliver and Steven Ahnen) each received three years probation.[129] Two defendants remain at large.[130]

6. Operations Buccaneer, Bandwidth and Digital Piratez

Operations Buccaneer, Bandwidth and Digital Piratez were major government operations targeting warez distribution groups that, on December 11, 2001, led to the execution of approximately 100 search war-

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119 United States v. Rothberg, No. 00-CR-85, 2001 WL 1654758 (N.D. Ill. Dec. 20, 2001).

120 United States v. Rothberg, No. 00-CR-85, 2002 WL 171963, *2 (N.D. Ill. Feb. 4, 2002).

121 *Id.* at *6.

122 United States v. Slater, 348 F.3d 666 (7th Cir. 2003), *available at* http://www.ca7.uscourts.gov/op3.fwx?submit1=showop&caseno=02-2059.PDF

123 A "blind" plea is made without the benefit of a plea agreement. United States v. Rothberg, 222 F. Supp. 2d 1009, 1012 (N.D. Ill. 2002).

124 *Id.* Rothberg received a two-level downward revision based on his absence of a profit motive, his extraordinary acceptance of responsibility and his family circumstances. *Id.*

125 Rothberg Sentenced Press Release, *supra* note 114.

126 *Id.*

127 United States v. Slater, 348 F.3d 666 (7th Cir. 2003), *available at* http://www.ca7.uscourts.gov/op3.fwx?submit1=showop&caseno=02-2059.PDF.

128 *See* United States v. Rothberg, No. 00-CR-85 (N.D. Ill. 2002).

129 *See id.*

130 The fugitives are Mark Veerboken and Kaj Bjorlin. Rothberg Sentenced Press Release, *supra* note 114.

rants in the U.S., Canada, the United Kingdom, Australia, Sweden, Norway and Finland.[131]

Operation Buccaneer[132] primarily targeted DrinkOrDie, one of the

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[131] Press Release, U.S. Department of Justice, Federal Law Enforcement Targets International Internet Piracy Syndicates (Dec. 11, 2001), *available at* http://www.cybercrime.gov/warezoperations.htm.

[132] Individual defendants prosecuted pursuant to Operation Buccaneer include:
Richard Berry, aka "Flood," 34, of Rockville, MD (VP and CTO at Streampipe.com);
Anthony Buchanan, aka "spaccace," of Eugene, OR;
Andrew Clardy, 49, aka "DooDad," of Galesburg, IL (network technician at Carl Sandburg College);
Myron Cole, aka "t3rminal," of Warminster, PA;
Derek Eiser, aka "Psychod," of Philadelphia, PA;
Barry Erickson, aka "rads1," 35, of Eugene, OR (systems engineer at Symantec Corporation);
Hew Raymond Griffiths, aka "Bandido," 40, of Bateau Bay, Australia;
David A Grimes, aka "Chevelle," 25, of Arlington, TX (computer engineer at Check Point Software);
Robert Gross, aka "targetpractice," of Horsham, PA;
Nathan Hunt, aka "Azide," 25, of Waterford, PA;
Kentaga Kartadinata, aka "Tenkuken," 29, of Los Angeles, CA;
Michael Kelly, aka "Erupt," 21, of Miami, FL (network administrator for Gator Leasing);
Stacey Nawara, aka "Avec," 34, of Rosenberg, TX;
Mike Nguyen, aka "Hackrat," 26, of Los Angeles, CA;
Sabuj Pattanayek, aka "Buj," 20, of Durham, NC;
Shane Pitman, aka "Pitbull," 31, of Conover, NC;
John Riffe, aka "blue" or "blueadept," 32, of Port St. John, FL;
David Russo, aka "Ange," 49, of Warwick, RI;
John Sankus, aka "eriFlleH," 28, of Philadelphia, PA;
Mark Shumaker, aka "markalso," 21, of Orlando, FL;
Kirk Patrick St. John, aka "thesaint," 34, of Gilbert, AZ.;
Christopher Tresco, aka "BigRar," 23, of Boston, MA (MIT systems administrator).
Press Release, U.S. Department of Justice, Warez Leader Sentenced to 46 Months (May 17, 2002), *available at* http://www.cybercrime.gov/sankusSent.htm; U.S. Department of Justice, Operation Buccaneer Defendants (Jan. 27, 2003), *available at* http://www.cybercrime.gov/ob/Dchart.htm; Press Release, U.S. Department of Justice, Defendant Indicted in Connection with Operating Illegal Internet Software Piracy Group (Mar. 12, 2003), *available at* http://www.cybercrime.gov/griffithsIndict.htm; Press Release, U.S. Department of Justice, Warwick Man Admits Participation in Software Piracy Network (Apr. 24, 2003), *available at* http://www.cybercrime.gov/russoPlea.htm; Press Release, U.S. Department of Justice, Former Leader of Razor 1911, the Oldest Game Software Piracy Ring on the Internet, Sentenced (June 6, 2003), *available at* http://www.cybercrime.gov/pitmanSent.htm; Press Release, U.S. Department of Justice, Valley Man Indicted in International Software Piracy Scheme (Nov. 26, 2003), *available at* http://www.cybercrime.gov/stjohnIndict.htm.

oldest and best-known warez distribution groups.[133] Among other accomplishments, the group claimed to have released Microsoft Windows 95 two weeks prior to its commercial release.[134] The group allegedly had two leaders, two or three council members, twelve to fifteen staff members, and approximately sixty-five general members.[135] The group's archives contained, in some cases, two terabytes of warez estimated to have a retail value of hundreds of millions of dollars.[136] However, as part of plea agreements, many Operation Buccaneer defendants admitted that the retail value was between $2,500,000 and $5,000,000.[137]

Specific sentences are described in United States v. Berry, No. 02-CR-246 (E.D. Va. 2003); United States v. Buchanan, No. 02-CR-374 (E.D. Va. 2003); United States v. Clardy, No. 02-CR-10035 (C.D. Ill. 2003); United States v. Cole, No. 02-CR-300 (E.D. Va. 2003); United States v. Eiser, No. 02-CR-284 (E.D. Va. 2003); United States v. Erickson, No. 02-CR-89 (E.D. Va. 2003); United States v. Gross, No. 02-CR-299 (E.D. Va. 2003); United States v. Hunt, No. 02-CR-106 (E.D. Va. 2003); United States v. Kelly, No. 02-CR-112 (E.D. Va. 2003); United States v. Nawara, 02-CR-90 (E.D. Va. 2003); United States v. Nguyen, No. 02-CR-63 (C.D. Cal. 2003); United States v. Pattanayek, 02-CR-118 (E.D. Va. 2003); United States v. Riffe, No. 02-CR-156 (E.D. Va. 2003); United States v. Tresco, No. 02-CR-132 (E.D. Va. 2003).

133 Fact Sheet, U.S. Customs Service, The DrinkOrDie Group: What is It? Who Are They? What is the DrinkOrDie Group? (Dec. 11, 2001), *available at* http://www.customs.ustreas.gov/hot-new/pressrel/2001/1211-01.htm. *But see* Farhad Manjoo, *Were DrinkOrDie Raids Overkill*, WIRED NEWS (Dec. 13, 2001), *at* http://www.wired.com/news/print/0,1294,49096,00.html (arguing that "DrinkOrDie was small potatoes in the world of software theft"). Other groups targeted by Operation Buccaneer include Razor1911, RiSCISO, MYTH, POPZ, RequestToSend (RTS), WeLoveWarez (WLW), and RiSC. U.S. Department of Justice, Operation Buccaneer: The Investigation (July 19, 2002), *available at* http://www.cybercrime.gov/ob/OBinvest.htm.

134 Fact Sheet, U.S. Customs Service, The DrinkOrDie Group: What is It? Who Are They? What is the DrinkOrDie Group? (Dec. 11, 2001), *available at* http://www.customs.ustreas.gov/hot-new/pressrel/2001/1211-01.htm.

135 Statement of Facts, United States v. Tresco, No. 02-CR-132-A, at 2 (E.D. Va. 2002).

136 U.S. Department of Justice, Operation Buccaneer: The Investigation (July 19, 2002), *available at* http://www.cybercrime.gov/ob/OBinvest.htm. A single file server operated by DrinkOrDie, Fatal Error, was alleged to have over 900 gigabytes and 15,000 titles of software. Criminal Information, United States v. Tresco, No. 02-CR-132-A, at 3 (E.D. Va. 2002).

137 *See, e.g.*, Plea Agreement, United States v. Tresco, No. 02-CR-132-A, at 2 (E.D. Va. 2002); Software Pirate Pleads Guilty, GlobeandMail.com, Apr. 4, 2002, *at* http://www.globeandmail.com/servlet/RTGAMArticleHTMLTemplate?tf=rt/fullstory_print.html&cf=rt/config-neutral&slug=gtcopy&date=20020404&archive=RTGAM&site=Technology; Press Release, U.S. Department of Justice, Leader of Internet Software Piracy Organization Pleads Guilty to Conspiracy (Feb. 27, 2002), *available at* http://www.cybercrime.gov/sankusPlea.htm.

In conjunction with Operation Buccaneer, Mark Shumaker pleaded guilty to operating the Apocalypse Crew site, which contained pre-release digital music files solicited from DJs and reviewers.[138] Shumaker also admitted to uploading and downloading infringing files from DrinkOrDie servers, and his total infringement was stipulated at $40,000–$70,000.[139]

Of the nineteen Operation Buccaneer defendants in the Appendix sentenced as of February 1, 2004, eleven received jail sentences ranging from eighteen to forty-six months (although at least ten of these defendants had their sentences reduced in exchange for government cooperation), three received five years probation, one received one year probation and the other four received two years probation.

Operation Bandwidth[140] primarily targeted Rogue Warriorz (RWZ), another major warez distribution group. The group required membership

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138 *See* Press Release, U.S. Department of Justice, Online Music Piracy Leader Pleads Guilty (Aug. 21, 2003), *available at* http://www.usdoj.gov/criminal/cybercrime/shumakerPlea.htm; *see also* Statement of Facts, United States v. Shumaker, Crim. No. 03-326-A (E.D. Va. 2003), *available at* http://www.usdoj.gov/usao/vae/ArchivePress/AugustPDFArchive/shumakersof082103.pdf.

139 Statement of Facts, United States v. Shumaker, Crim. No. 03-326-A (E.D. Va. 2003), *available at* http://www.usdoj.gov/usao/vae/ArchivePress/AugustPDFArchive/shumakersof082103.pdf.

140 Individual defendants prosecuted pursuant to Operation Bandwidth include:
John J. Amorosi, aka "Sloanman," 22, of Falls Church, VA;
Wolf Bachenor, aka Walter Bachenor, aka "Drinfotheif," "DrinfoTHV" and "Doctor," 51, of Park Slope, NY;
David Brandt, aka "Bocephus," 35, of Wake Village, TX;
Alexander Castaneda, aka "Prentice" and "Alex," 20, of Federal Way, WA;
Jacob Paul Clappton, aka "Axxess," 29, of Livermore, CA;
Lukasz Doupal, aka "Luk@s," 24, of Brooklyn, NY;
Jonathan Dow, aka "Demon Furby," 34, of Ilion, NY;
Jorge Garcia, Jr., aka "Lh" and "Lordhacker," 29, of Reddick, FL;
Bryan Ray Harshman, aka "Carrier," 22, of St. Joseph, MO;
Mark Konarske, aka "Markus" and "Markruss," 41, of Flat Rock, MN;
Timothy J. Lastoria, aka "Waldorf," 24, of Brecksville, OH;
Ruth Lawton;
David Lowe, aka "Dragon," 41, of Akron, OH;
Christopher Mastrangelo, aka "Floyd," 31, of Toms River, NJ;
Brad McGourty;
Michael Meacham, aka "Dvorak," 35, of Barberton, OH;
Suzanne Peace, aka "Peaces," 37, of Lombard, IL;
Lindle Romero, aka "Rahman," 37, of Houston, TX;
Eric Rosenquist;
Elisa Sarino, aka "Elisa" and "ElisaEGO," 27, of San Jose, CA;
Jeffrey Sasser, aka "Inferno" and Inferno00," 41, of Charlotte, NC;
Peter M. Semadeni, aka "Davinci" and "Rev. Wolf," 28, of Overland Park, KS;

applications and recorded statistics for group members who had maintained and moved the greatest number of files.[141] Undercover FBI, EPA and Defense Criminal Investigative Services agents infiltrated the group's Shatnet site,[142] which contained over 9,000 warez with a retail value of approximately $7,000,000.[143] As of February 1, 2004, at least nineteen Operation Bandwidth defendants have pleaded guilty and at least five of those have been sentenced, all to probation.

As of February 1, 2004, Operation Digital Piratez has resulted in five publicized convictions.[144] The convictions relate to the following warez servers:

- Wonderland, containing over 5,000 warez with a retail value in excess of $500,000, operated by Christopher Motter;[145]
- City Morgue, containing 1,000 warez totaling 400 gigabytes, operated by Daniel McVay and John Neas;[146]

Dean Wuestenberg, aka "Xochi," 44, of Donahue, IA;
Joseph Yano, aka "Jozef," 34, of Saskatoon, SK;
Charles Yurek.

Press Release, U.S. Department of Justice, Federal Indictments Returned in Las Vegas Against Software Pirates Nabbed in Operation Bandwidth (June 11, 2002), *available at* http://www.cybercrime.gov/bandwidth.htm; Semiannual Report to Congress, October 1, 2002-March 31, 2003, Office of Inspector General of the Environmental Protection Agency 23-24 (May 2003), *available at* http://www.epa.gov/oigearth/reports/2003/semiannual_20030331.pdf; Semiannual Report to Congress, April 1, 2003-September 30, 2003, Office of Inspector General of the Environmental Protection Agency 21-22 (Nov. 2003), *available at* http://www.epa.gov/oigearth/reports/2003/semiannual20031028.pdf.

141 Press Release, U.S. Department of Justice, Twelve "Operation Bandwidth" Software Pirates Enter into Group Guilty Plea (Dec. 18, 2003), *available at* http://www.cybercrime.gov/bandwidthPlea.htm.

142 Press Release, U.S. Department of Justice, Federal Indictments Returned in Las Vegas Against Software Pirates Nabbed in Operation Bandwidth (June 11, 2002), *available at* http://www.cybercrime.gov/bandwidth.htm.

143 *Id.*

144 In a related prosecution, Jonathan Crane, a Qwest employee in Virginia, pleaded guilty to obstructing justice for dismantling servers after learning that a subpoena had been served on Qwest. Jeff Smith, *6 Caught in Piracy Net*, ROCKY MOUNTAIN NEWS (Jan. 27, 2004), *available at* http://www.rockymountainnews.com/drmn/business/article/0,1299,DRMN_4_2606847,00.html.

145 Press Release, U.S. Department of Justice, Iowa Man Receives Two-Year Prison Sentence in Internet Software Piracy Conspiracy (Sept. 30, 2003), *available at* http://www.cybercrime.gov/motterSent.htm.

146 Press Release, U.S. Department of Justice, Massachusetts Man Pleads Guilty in New Hampshire Software Piracy Conspiracy (Dec. 19, 2003), *available at* http://www.cybercrime.gov/mcVayPlea.htm; Press Release, U.S. Department of Justice, Three More Men Plead Guilty in New Hampshire Web-

- Only the Finest Warez, which had 100 users and contained 400 gigabytes of warez, operated by Jordan Zielin;[147]
- Shayol Ghul, which had 275 users and seventeen managers, operated by Kenneth Woods.[148]

The prosecutions related to Operation Digital Piratez are ongoing.

7. William Fitzgerald

William Fitzgerald, a fifty-three-year old computer technician for Arlington County, Virginia, obtained warez from IRC and posted them on three computers he ran from his home.[149] Fitzgerald stipulated that the warez were worth between $40,000 and $70,000.[150] He pleaded guilty to one count of criminal copyright infringement and received four months in prison and four months of home confinement.[151] Given the Department of Justice's recent large initiatives to take down major warez groups, Fitzgerald's prosecution for relatively small-scale activity is a little puzzling.

8. Operation Safehaven

Operation Safehaven[152] was a fifteen-month investigation into software piracy. In April 2003, government agents executed over twenty

Based Software Piracy Conspiracy (Jan. 23, 2004), *available at* http://www.cybercrime.gov/zielinPlea.htm [hereinafter Three More Guilty]; David Tirrell-Wysocki, *Six Plead Guilty to Stealing and Distributing Computer Software*, USA TODAY, Jan. 28, 2004, *available at* http://www.usatoday.com/tech/news/computersecurity/2004-01-26-pirate-days_x.htm.

147 Three More Guilty, *supra* note 146; Tirrell-Wysocki, *supra* note 146. Jordan Zielin, 30, of Brooklyn, NY, was a Bank of America IT support employee.

148 Three More Guilty, *supra* note 146; Tirrell-Wysocki, *supra* note 146. Kenneth Woods, 31, of Warrenton, VA, was a Verio Data Center employee.

149 Statement of Facts, United States v. Fitzgerald, Case No. 0-2620-A (E.D. Va. 2003), *available at* http://www.usdoj.gov/usao/vae/ArchivePress/FebruaryPDFArchive/fitzgeraldsof020303.pdf.

150 Press Release, U.S. Department of Justice, Arlington, Virginia Man Pleads Guilty to Distributing Pirated Software Over the Internet (Feb. 3, 2003), *available at* http://www.cybercrime.gov/fitzgeraldPlea.htm.

151 Press Release, U.S. Department of Justice, Arlington County Man is Sentenced to Federal Prison for Distributing Pirated Computer Software over the Internet (Apr. 25, 2003), *available at* http://www.cybercrime.gov/fitzgeraldSent.htm.

152 Press Release, U.S. Department of Justice, Federal Investigation Leads to Prosecution of Internet Software Pirate (Oct. 2, 2003), *available at* http://www.cybercrime.gov/myersPlea.htm; *see also* Press Release, U.S. Department of Justice, Operation Safehaven: Hawaii Man Pleads Guilty to Copyright Infringement (Jan. 23, 2004), *available at* http://www.cybercrime.gov/ishidaPlea.htm. The individual defendants are:

Ross Ishida, 23, aka "daphantm" or "daph," of Honolulu, HI;
Terry Katz, 26, of Yorktown Heights, NY;

search warrants, leading to the seizure of thousands of CDs and DVDs and various warez servers, including the largest warez site seized in the U.S. to date.[153] Five defendants have pleaded guilty to conspiracy to commit copyright infringement; three of whom have been sentenced to probation.[154]

9. Operation Cybernet

Operation Cybernet targeted the individuals operating the Usenet group alt.2600.warez and other FTP sites and IRC channels.[155] The operation produced its first conviction in December 2003 with the guilty plea of James Remy, a forty-year-old from Washington Township, NJ.[156] Remy admitted to operating a warez server in his home that, from October 26, 2000 through July 24, 2001, was used to download files with a total retail value of $2,242,712.[157] The Department of Justice touted this as "the largest loss nationwide in a criminal copyright infringement case resulting from the conviction of a warez site operator who is not part of an organized group."[158]

10. Movie Traders

While not typical warez traders, two individuals have been convicted of distributing pre-release versions of movies. Jason Spatafore distributed parts of *Star Wars Episode I: The Phantom Menace*,[159] for which he sen-

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Walter Kapechuk, 55, of Schenectady, NY;
Travis Myers, 29, of Yakima, WA;
Warren Willsey, 53, of East Berne, NY.

153 Press Release, U.S. Department of Justice, Federal Investigation Leads to Prosecution of Internet Software Pirate (Oct. 2, 2003), *available at* http://www.cybercrime.gov/myersPlea.htm.

154 *Id.*; *see also* Press Release, U.S. Department of Justice, Operation Safehaven: Hawaii Man Pleads Guilty to Copyright Infringement (Jan. 23, 2004), *available at* http://www.cybercrime.gov/ishidaPlea.htm. Sentences are described at United States v. Kapechuk, No. 3:03-CR-00279 (D. Conn. 2004); United States v. Katz, No. 3:03-CR-00280 (D. Conn. 2004); United States v. Willsey, No. 3:03-CR-00281 (D. Conn. 2004).

155 *See* Press Release, U.S. Department of Justice, Man Admits to Distribution of Pirated Movies, Music, Computer Software and Games Worth Over $2.2 Million (Dec. 8, 2003), *available at* http://www.cybercrime.gov/remyPlea.htm.

156 *See id.*

157 *Id.*

158 *Id.* (quoting Assistant U.S. Attorney Christopher J. Christie).

159 Press Release, U.S. Department of Justice, Man Pleads Guilty to Internet Piracy of Star Wars Film (Dec. 15, 2000), *available at* http://www.cybercrime.gov/spataforeplea.htm.

tenced to two years probation.[160] Kerry Gonzalez posted an unfinished "work print" copy of *The Hulk* to a movie bootleg Web site two weeks prior to the movie's opening,[161] for which he was sentenced to six months home confinement.[162] A third man, Russell Sprague, is being prosecuted for distributing "screener" copies of movies.[163]

VII. CASUALTIES IN THE WAR AGAINST WAREZ

In Congress' legislative debates about the NET Act, warez traders were portrayed as the poster children for rampant Internet piracy.[164] However, other infringement activities, such as "softlifting" (exceeding a license to make unauthorized copies) and commercial piracy, have a significantly greater impact on copyright owner revenues. So why did Congress target warez traders despite their relatively small footprint on overall piracy?

Despite the obvious inspiration — the *LaMacchia* judge invited Congress to fix the problem[165] — another reason may offer a better explanation. Americans hate enemies that are impossible to locate and destroy using command-and-control tactics, and that describes warez traders. Warez traders operate stealthily, behind the Internet's opaque veil, and are impossible to spot offline. Further, online, warez traders exude an air

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160 Jason Spatafore, DisMan's Online Journey, *at* http://www.spatafore.net/disman/thephoenixmenace.shtml (last visited May 19, 2003).

161 Troy Graham, *Federal Case Made of 'Hulk' Piracy*, PHILADELPHIA INQUIRER, June 26, 2003, at H12, *available at* http://www.philly.com/mld/inquirer/news/local/states/new_jersey/6172522.htm?template=contentModules/printstory.jsp.

162 Jon Healey, *Man is Sentenced for Posting 'Hulk' Film*, L.A. TIMES, Sept. 27, 2003, at 3, *available at* http://www.latimes.com/technology/la-fi-rup27.5sep27,1,2686007,print.story.

163 Press Release, U.S. Department of Justice, Chicago Man Arrested for Criminal Copyright Infringement in Connection with Prohibited Release of Major Motion Pictures, Many Prior to Their Theatrical Release (Jan. 22, 2004), *available at* http://www.cybercrime.gov/spragueArrest.htm.

164 *See* 143 CONG. REC. S12,689, S12,689-91 (daily ed. Nov. 13, 1997) (Senate floor debates); 143 CONG. REC. H9883, H9883-86 (daily ed. Nov. 4, 1997) (House floor debates).

165 The judge wrote:

> Criminal as well as civil penalties should probably attach to willful, multiple indictments of copyright infringement even absent a commercial motive on the part of the infringer. One can envision ways that the copyright law could be modified to permit such prosecution. But, [i]t is the legislature, not the Court, which is to define a crime, and ordain its punishment.

United States v. LaMacchia, 871 F. Supp. 535, 545 (D. Mass. 1994) (quotation omitted), *available at* http://www.loundy.com/CASES/US_v_LaMacchia.html.

of cockiness and invincibility that members of Congress may interpret as a provocative challenge to their power and authority.

These attributes make warez traders the unseen enemy that must be destroyed. In a sense, Congress declared war against warez traders through the NET Act. Now Congress wants to triumphantly claim victory over villains who do not fight fair.

While the enemy has suffered a few casualties in Congress' war against warez, there has been no victory, and it will never come. No quantum of stiffened criminal penalties will change that result. Warez trading is about ego, prestige and reputation, and so long as intangible assets are fenced off, a group of enthusiasts will seek recognition for breaching the fences. In that sense, increased criminal penalties may counterproductively encourage warez trading by making it a little more daring and impressive.

Meanwhile, every war has a collateral cost, and the war against warez is no exception. In the process of outlawing warez trading, Congress also criminalized most American citizens. For example, tens of millions of Americans engage in P2P file sharing,[166] an activity legally indistinguishable from warez trading. But even Americans who do not trade files may break the law simply by willfully infringing $1,000 of retail value in 180 days, or $5.56 of willfully infringed copies per day. In our digital society, the average American makes copies, lots of them, every day just to function.[167] The ubiquity of copying makes the dollar standard a criminal threshold that far too many Americans meet easily.

But so what? Systematic noncompliance with the law is a fact of life in our overregulated society, and we have found ways to tolerate or ignore the associated risks. Meanwhile, with stretched prosecutorial resources and the likely futility of prosecuting sympathetic defendants,[168] the risk of an average American being prosecuted for routine acts of copyright infringement is effectively zero. Warez traders get a little more

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166 *See* Mary Madden & Amanda Lenhart, Pew Internet Project Data Memo (July 2003), at 3, *available at* http://www.pewinternet.org/reports/pdfs/PIP_Copyright_Memo.pdf (estimating at least 35,000,000 file-sharing downloaders in 2003). Other reputable estimates of file-sharing downloaders have pegged the number at over 60 million. *See* Press Release, Ipsos-Reid, Americans Continue to Embrace Potential of Digital Music (Dec. 5, 2002), *available at* http://www.ipsos-reid.com/pdf/media/mr120402-1.pdf.

167 *See* John Leland, *Beyond File-Sharing, a Nation of Copiers*, N.Y. TIMES, Sept. 14, 2003, section 9, at 3.

168 *See* DOJ IP Crimes Manual, *supra* note 15, § III(E)(4) (advising prosecutors not to proceed with criminal infringement cases against sympathetic defendants unless the prosecutor can show egregious conduct).

prosecutorial attention,[169] but even the number of small-scale warez traders who have been prosecuted is trivial.

On the other hand, criminal copyright infringement has gone too far, and everyone — even Congress — knows it.[170] By over-criminalizing activities that are required to function in our digital society, criminal copyright law has become unjust, making it impossible for the average American to respect and comply with the law.[171]

Despite this, the trend is for tougher and more pervasive criminal laws. Over the course of many years, Congress has been convinced by well-funded special interests that the piracy situation is cataclysmic. Thus, Congress regularly holds hearings demanding more pirate busts,[172] and three new bills were introduced into Congress in summer 2003 to toughen up criminal copyright law.[173] And when Sen. Hatch "jokes" about blow-

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169 *See id.* (discussing the factors that evidence "egregious" Internet infringement).

170 *See* Lisa Friedman, *Web Pirates Plunder On*, L.A. DAILY NEWS, June 22, 2003, at N11, *available at* http://www.dailynews.com/cda/article/print/0,1674,200%257E20954%257E1471539,00.html (quoting several members of Congress admitting that legislative efforts to stop piracy have failed).

171 Tom R. Tyler, *Compliance with Intellectual Property Laws: A Psychological Perspective*, 29 N.Y.U. J. INT'L L. 219 (Fall 1996-Winter 1997).

172 For example, in Spring 2003 the House Judiciary Committee's Subcommittee on Courts, the Internet and Intellectual Property had three successive hearings in three weeks. *See Peer-to-Peer Piracy on University Campuses: Hearing Before Subcommittee on Courts, the Internet and Intellectual Property of the House Committee on the Judiciary*, 108th Cong. (2003), *available at* http://commdocs.house.gov/committees/judiciary/hju85286.000/hju85286_0f.htm; *Copyright Piracy Prevention and the Broadcast Flag: Hearing Before Subcommittee on Courts, the Internet and Intellectual Property of the House Committee on the Judiciary*, 108th Cong. (2003), *available at* http://commdocs.house.gov/committees/judiciary/hju85490.000/hju85490_0f.htm; and *International Copyright Piracy: Links to Organized Crime and Terrorism: Hearing Before Subcommittee on Courts, the Internet and Intellectual Property of the House Committee on the Judiciary*, 108th Cong. (2003), *available at* http://commdocs.house.gov/committees/judiciary/hju85643.000/hju85643_0f.htm.

173 *See* Piracy Deterrence and Education Act of 2003, H.R. 2517, 108th Cong. (2003), *available at* http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108_cong_bills&docid=f:h2517ih.txt.pdf (proposing to ramp up enforcement of criminal copyright law); Author, Consumer, and Computer Owner Protection and Security Act (ACCOPS), H.R. 2752, 108th Cong. (2003), *available at* http://thomas.loc.gov/cgi-bin/query/z?c108:H.R.2752 (among other provisions, proposing to make the placement of a single copyrighted work in a P2P file-sharing software's share directory automatically eligible for felony prosecution); Artists' Rights and Theft Prevention Act of 2003, S. 1932 § 4, 108th Cong., (2003), *available at* http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=108_cong_bills&docid=f:s1932is.txt.pdf (among other provisions, proposing to make the placement of a single copy

ing up the computers of copyright infringers,[174] he is not joking at all — he is expressing frustration at Congress' seeming inability to get Americans to respect the laws that industry lobbyists have persuaded him and his peers are so desperately needed.[175]

To satisfy Congress, the Department of Justice must continue to deliver high-profile criminal copyright convictions. However, to avoid mass panic and undercutting popular support for their mission, the Department of Justice must pursue only cases that permit average Americans to distinguish the criminal's conduct from their own.[176] Unsympathetic warez traders provide a perfect target for the Department of Justice to balance these conflicting objectives.[177] As a result, it seems likely that more warez traders will suffer the consequences of Congress' stubborn desire to change America's addiction to copying.

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of a pre-release copyrighted work (such as a pre-release version of a movie) in a P2P file-sharing software's share directory a felony).

[174] Declan McCullagh, Senator OK with Zapping Pirates' PCs, CNET News.com (June 18, 2003), *at* http://news.com.com/2102-1028_3-1018845.html?tag=ni_print. Rep. Berman has been quoted as saying "with a smile" that he probably didn't support the death penalty for piracy. Patrick Ross, DOJ, Hill Subcommittee Agree on Need for Piracy Prosecutions, Warren's Washington Internet Daily, Mar. 14, 2003, *available at* 2003 WL 16116847.

[175] Stuntz attributes the underperformance of criminal laws to the mixed signals legislators send when enacting inconsistent and overlapping laws, which undercuts the communicative force of legislative efforts. Stuntz, *supra* note 79, at 520.

[176] *See generally* I. Trotter Hardy, *Criminal Copyright Infringement*, 11 WM. & MARY BILL RTS. J. 305 (2002) (discussing differences in American attitudes towards different types of groups of infringers); Geraldine S. Moohr, *The Crime of Copyright Infringement: an Inquiry Based on Morality, Harm and Criminal Theory*, 83 B.U. L. REV. 731 (2003) (discussing the distinctions between commercial piracy and non-commercial personal infringement).

[177] *See* Ross, *supra* note 174 (discussing how the Department of Justice has linked warez trading to organized crime and international terrorism).

Appendix

Publicized Convictions Under the No Electronic Theft Act
(principally updated as of February 1, 2004)[178]

Individual	Sentencing Date	Summary of Criminal Activity	Sentence
Jeffrey Levy	August 1999	Posted software, music, entertainment programs and movies with a retail value of at least $5,000 to his Web site	2 years probation Internet use restricted
Eric Thornton	December 1999	Posted software with a retail value of at least $9,638 to his Web site	5 years probation $9,638 restitution Must post notice on Web site for 18 months Cannot use computers (except for business or educational purposes) for 12 months, and Internet use restricted
Brian Baltutat	October 2000	Posted infringing software to a Web site that was visited by 65,000 people	3 years probation 180 days home confinement (including a tether) $7,087 restitution 40 hours community service. Cannot use the Internet Required to tell the owners of any computers he uses about his conviction
Jason Spatafore	December 2000	Electronically distributed portions of *Star Wars I*	2 years probation $250 fine
Tyrone Augustine (PWA)	April 2002	Intel employee who participated in warez group trading software with retail value of $1,424,640	5 years probation $5,000 fine
Brian Boyansky (PWA)	April 2002	Intel employee who participated in warez group trading software with retail value of $1,424,640	5 years probation $2,000 fine
Diane Dionne (PWA)	April 2002	Senior member of and packager for warez group trading software with retail value of $1,424,640	5 years probation

[178] This chart is synthesized from sources cited in the main text. Though every attempt has been to make this current as of February 1, 2004, rapidly changing events, spotty media coverage and inconsistent posting of information to databases like PACER undercut accuracy efforts.

Individual	Sentencing Date	Summary of Criminal Activity	Sentence
John Geissberger (PWA)	April 2002	Intel employee who participated warez group trading software with retail value of $1,424,640	5 years probation $5,000 fine
Christian Morley (PWA)	April 2002	Packager for warez group trading software with retail value of $1,424,640	24 months in prison 2 years supervised release [went to trial in May 2001]
Jason Phillips (PWA)	April 2002	Member of warez group trading software with retail value of $1,424,640	5 years probation $5,000 fine
Brian Riley (PWA)	April 2002	Intel employee who participated in warez group trading software with retail value of $1,424,640	5 years probation
Jason Slater (PWA)	April 2002	Cracker for warez group trading software with retail value of $1,424,640.	8 months in prison 6 months community custody 2 years supervised releasc $1,000 fine
Mark Stone (PWA)	April 2002	Member of warez group trading software with retail value of $1,424,640	5 years probation $5,000 fine
Gene Tacy (PWA)	April 2002	Intel employee who participated in warez group trading software with retail value of $1,424,640	5 years probation $5,000 fine
Todd Veillette (PWA)	April 2002	Member of and senior courier for warez group trading software with retail value of $1,424,640	5 years probation $5,000 fine
Barry Erickson (Buccaneer)	May 2002	Provided pre-release Symantec software to warez groups RisciISO and DrinkOrDie, founding member of warez group POPZ	33 months in prison (reduced in November 2002 to 15 months) 2 years supervised release
David Grimes (Buccaneer)	May 2002	Provided pre-release Check Point software to DrinkOrDie; operated FTP site High Octane, which was affiliated with warez groups RiSC, MYTH, RTS and DrinkOrDie	37 months in prison (immediately reduced to 16 months in prison) 3 years supervised release Substance abuse treatment
Thomas Oliver (PWA)	May 2002	Council member of warez group trading software with retail value of $1,424,640	3 years probation $5,000 fine

Individual	Sentencing Date	Summary of Criminal Activity	Sentence
Robin Rothberg (PWA)	May 2002	Led and council member of warez group trading software with retail value of $1,424,640	18 months in prison 3 years supervised release $1,000 fine
John Sankus (Buccaneer)	May 2002	Led and managed warez group DrinkOrDie, participated in warez group Harm; traded software with retail value of between $2.5 million and $5 million	46 months in prison (reduced November 2002 to 18 months) 2 years supervised release 200 hours community service
Nathan Hunt (Buccaneer)	June 2002	Senior member of warez group DrinkOrDie, in 11 month period, provided 120 software programs for cracking and distribution. Stipulated to trading software with retail value of between $2.5 million and $5 million	33 months in prison (reduced November 2002 to 24 months) 3 years supervised release $2,500 fine
Stacey Nawara (Buccaneer)	June 2002	Senior member of warez group RTS, Council member of warez group DrinkOrDie, courier for warez group Razor1911	30 months in prison (reduced in October 2002 to 30 days in jail (straight time or weekends) and 8 months community confinement)) 3 years supervised release Assigned to mental health and substance abuse program $1,000 fine No non-work Internet use
Richard Berry (Buccaneer)	July 2002	Longtime member of DrinkOrDie, provided them hardware, tested cracked warez and operated bounce sites	33 months in prison (reduced in October 2002 to 2 years probation including 12 months home confinement with electronic monitoring) 2 years supervised release
Andrew Clardy (Buccaneer)	July 2002	System administrator for DrinkOrDie's Dynamo server	41 months in prison 2 years supervised release

Individual	Sentencing Date	Summary of Criminal Activity	Sentence
Michael Kelly (Buccaneer)	July 2002	Senior staff of DrinkOrDie, member of warez groups RISC, AMNESIA, CORE	33 months in prison 2 years supervised release 200 hours community service Must notify employers of conviction In January 2003, the sentence was reduced to: 4 months in prison 3 years supervised release (including 8 months home detention with electronic monitoring) 200 hours community service Must notify employers of conviction
Sabuj Pattanayek (Buccaneer)	July 2002	Council member of and cracker for warez group DrinkOrDie, senior member of warez group RTS	41 months in prison 3 years supervised release 100 hours community service $1,000 fine In May 2003, his sentence was reduced to: 3 years probation 6 months community confinement 200 hours community service Fine
John Riffe (Buccaneer)	July 2002	Member of warez groups ShadowRealm (SRM), EXODUS	2 years probation 6 months home confinement with electronic monitoring 100 hours community service
Tony Walker (Fastlane)	July 2002	Provided computer hardware to warez group Fastlane in exchange for access to software with retail value of $1,000,000	5 months in prison (split with community confinement) 1 year supervised release $3,000 fine [went to trial March 2002]
Anthony Buchanan (Buccaneer)	August 2002	Participated in warez groups POPZ and DrinkOrDie	2 years probation 6 months home confinement with electronic monitoring 150 hours community service
Steve Deal (Fastlane)	August 2002	Led warez group trading software with retail value of $1,000,000	30 months in prison 3 years supervised release

Individual	Sentencing Date	Summary of Criminal Activity	Sentence
Robert Gross (Buccaneer)	August 2002	Participated in warez group DrinkOrDie	5 years probation 6 months home confinement 200 hours community service
Glendon Martin (Fastlane)	August 2002	System administrator for warez group trading software with retail value of $1,000,000	3 years probation $1,000 fine
Shane McIntyre (Fastlane)	August 2002	Managed warez group trading software with retail value of $1,000,000	3 years probation 180 days home confinement with electronic monitoring $3,000 fine
James Milne (Fastlane)	August 2002	System administrator for warez group trading software with retail value of $1,000,000	3 years probation
Bjorn Schneider (Fastlane)	August 2002	Managed warez group trading software with retail value of $1,000,000	3 years probation
Christopher Tresco (Buccaneer)	August 2002	System administrator for DrinkOrDie (including operating a drop site)	33 months in prison (reduced in October 2002 to 6 months in prison and 7 months community confinement) 2 years supervised release 100 hours community service May not use the Internet for non-work related purposes
Kevin Vaughan (Fastlane)	August 2002	System administrator for warez group trading software with retail value of $1,000,000	3 years probation
Tae Yuan Wang (Fastlane)	August 2002	Managed warez group trading software with retail value of $1,000,000	3 years probation 300 hours community service
Steven Ahnen (PWA)	September 2002	Council member for warez group trading software with retail value of $1,424,640. Alleged to operate channel for the group and package software	3 years probation $1,000 fine
Derek Eiser (Buccaneer)	September 2002	Participated in warez group DrinkOrDie	2 years probation, including 6 months home confinement $500 fine
David Anderson (Buccaneer)	October 2002	Participated in warez group DrinkOrDie	12 months probation $500 fine

Individual	Sentencing Date	Summary of Criminal Activity	Sentence
Myron Cole (Buccaneer)	October 2002	Participated in warez group DrinkOrDie	2 years probation 150 hours community service
Justin Robbins (PWA)	October 2002	Council member of warez group trading software with retail value of $1,424,640; supplied Microsoft software and allowed others to access Microsoft's internal network	7 months in prison 3 years supervised release
Ruth Lawton (Bandwidth)	December 2002	Downloaded more than $2,500 of infringing works to her home computer	3 years probation $2,000 fine
Ryan Breding (Fastlane)	February 2003	Provided computer hardware to warez group Fastlane in exchange for access to software with retail value of $1,000,000	15 months in prison 2 years supervised release $6,000 fine
Eric Rosenquist (Bandwidth)	March 2003	Downloaded Microsoft Money to his home computer	3 years probation 140 hours community service $500 fine
Lukasz Doupal (Bandwidth)	April 2003	Participated in warez group Rogue Warriorz (RWZ)	3 years probation $2,000 fine
William Fitzgerald	April 2003	Operated Web site allowing downloads of between $40,000 and $70,000	4 months in prison 4 months home confinement $3,000 fine
Shane Pitman (Buccaneer)	June 2003	Leader of warez group Razor1911	18 months in prison (reduced in August 2003 to 12 months plus one day) 3 years supervised release
David Russo (Buccaneer)	July 2003	Tester for warez group DrinkOrDie	To be determined
Brad McGourty (Bandwidth)	August 2003	Participant in Rogue Warriorz (RWZ); admitted to downloading Microsoft Money to home computer	1 year probation $500 fine $60 restitution
Charles Yurek (Bandwidth)	August 2003	Participant in Rogue Warriorz (RWZ); admitted to downloading Windows XP to home computer	6 months of electronically monitored home detention 3 years probation $500 fine
Kent Kartadinata (Buccaneer)	September 2003	Operated email server for warez group DrinkOrDie	5 years probation 2,400 hours community service in anti-piracy program

Individual	Sentencing Date	Summary of Criminal Activity	Sentence
Mike Nguyen (Buccaneer)	September 2003	Managed file servers for warez group DrinkOrDie	5 years probation 2,400 hours community service in anti-piracy program
Kerry Gonzalez	September 2003	Distributed advance "work print" copy of *The Hulk*	6 months home confinement 3 years probation $2,000 fine $5,000 restitution
Christopher Motter (Digital Piratez)	September 2003	Operated warez server Wonderland with 5,000 warez worth at least $500,000	24 months in prison
John Amorosi (Bandwidth)	January 2004	Participated in warez group Rogue Warriorz (RWZ), which infringed works with a retail value over $1,000,000	To be determined
Walter Kapechuk (Safehaven)	February 2004	Operated warez servers at SUNY Albany	3 years probation 200 hours community service $6,000 fine
Terry Katz (Safehaven)	February 2004	System operator for warez servers	4 years probation (first 3 months in halfway house) $6,000 fine
Mark Shumaker (Buccaneer)	February 2004	Led music piracy site Apocalypse Crew and supplied content to warez group DrinkOrDie; stipulated infringement of between $40,000 and $70,000	To be determined
Warren Willsey (Safehaven)	February 2004	Periodically helped maintain warez servers at SUNY Albany	1 year probation $1,000 fine
Wolf Bachenor (Bandwidth)	March 2004	Participated in warez group Rogue Warriorz (RWZ), which infringed works with a retail value over $1,000,000	To be determined
David Brandt (Bandwidth)	March 2004	Participated in warez group Rogue Warriorz (RWZ), which infringed works with a retail value over $1,000,000	To be determined
Alexander Castaneda (Bandwidth)	March 2004	Participated in warez group Rogue Warriorz (RWZ), which infringed works with a retail value over $1,000,000	To be determined

Individual	Sentencing Date	Summary of Criminal Activity	Sentence
Jacob Clappton (Bandwidth)	March 2004	Participated in warez group Rogue Warriorz (RWZ), which infringed works with a retail value over $1,000,000	To be determined
Jonathan Dow (Bandwidth)	March 2004	Participated in warez group Rogue Warriorz (RWZ), which infringed works with a retail value over $1,000,000	To be determined
Jorge Garcia (Bandwidth)	March 2004	Participated in warez group Rogue Warriorz (RWZ), which infringed works with a retail value over $1,000,000	To be determined
Mark Konarske (Bandwidth)	March 2004	Participated in warez group Rogue Warriorz (RWZ), which infringed works with a retail value over $1,000,000	To be determined
Timothy Lastoria (Bandwidth)	March 2004	Participated in warez group Rogue Warriorz (RWZ), which infringed works with a retail value over $1,000,000	To be determined
David Lowe (Bandwidth)	March 2004	Participated in warez group Rogue Warriorz (RWZ), which infringed works with a retail value over $1,000,000	To be determined
Christopher Mastrangelo (Bandwidth)	March 2004	Participated in warez group Rogue Warriorz (RWZ), which infringed works with a retail value over $1,000,000	To be determined
Daniel McKay (Digital Piratez)	March 2004	Operated warez server City Morgue with 1,000 warez items	To be determined
Suzanne Peace (Bandwidth)	March 2004	Participated in warez group Rogue Warriorz (RWZ), which infringed works with a retail value over $1,000,000	To be determined
James Remy (Cybernet)	March 2004	Operated warez server that had $2,242,712 of infringing downloads	To be determined

Individual	Sentencing Date	Summary of Criminal Activity	Sentence
Lindle Romero (Bandwidth)	March 2004	Participated in warez group Rogue Warriorz (RWZ), which infringed works with a retail value over $1,000,000	To be determined
Elisa Sarino (Bandwidth)	March 2004	Participated in warez group Rogue Warriorz (RWZ), which infringed works with a retail value over $1,000,000	To be determined
Ross Ishida (Safehaven)	April 2004	Operated a warez server through the University of Hawaii and was a courier for warez groups	To be determined
John Neas (Digital Piratez)	April 2004	Operated the warez server City Morgue with 81 users and 400 GB of warez	To be determined
Kenneth Woods (Digital Piratez)	April 2004	Operated the warez server Shayol Ghul, with 275 users and 17 managers, through Verio's network	To be determined
Jordan Zielin (Digital Piratez)	April 2004	Operated the warez server Only the Finest Warez, with 100 users and 400 GB of warez, through a Bank of America network	To be determined
Travis Myers (Safehaven)	August 2004	Courier for several warez groups, including DrinkOrDie	To be determined

PROTECTION OF AFRICAN FOLKLORE BY COPYRIGHT LAW: QUESTIONS THAT ARE RAISED IN PRACTICE

by LAURIER YVON NGOMBE*

INTRODUCTION

The protection of folklore or, more precisely, the protection of works of folklore by copyright law, is sometimes regarded as inappropriate.[1] Some authors have, for instance, refused to regard expressions of folklore as intellectual works. But the opposite opinion has also been argued.[2] Thus, it has been asserted that works of folklore may be included within the field of copyright.[3]

The debate about the appropriateness of folklore protection by copyright law is certainly not without interest, but it will not be discussed in this article. Indeed, it must be noted that the majority of African states have chosen such protection. Literary and artistic creations from the folklore of an African state are, according to the various statutes, the property of the state. The question of ownership of the copyright in the folklore is thus resolved.

As a significant element of the cultural policy of African states, the protection of national folklore is mentioned at the regional level by appen-

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*Doctor of Law, University of Nantes. I thank Mr. Gilles Kendo who read the French version and who made some suggestions. I also thank Mr. Dominique Fabre who read the first English translation and made some suggestions. And I thank Ms. Sarah Sully who polished the English translation. For a copy of the French version, please contact Ms. Sully (ssully@mofo.com).

1 *See, e.g.*, D. Lypszic, *Droit d'auteur et droits voisins* 87 (éditions de l'UNESCO 1997).

2 *See notably* Folarin Shyllon, *Conservation, Preservation and the Legal Protection of Folklore in Africa: A General Survey*, 32 COPYR. BULL. 37 (1998); K. Nikiéma, *La protection des expressions du folklore par la propriété intellectuelle* (thesis, Paris II, 1988). *See also* HENRI DESBOIS, ANDRE FRANÇON & ANDRE KEREVER, LES CONVENTIONS INTERNATIONALES DU DROIT D'AUTEUR ET DES DROITS VOISINS (1976); J. Ramon obon Leon, *Le droit d'auteur considéré comme moteur du développement*, 16 BULL. DROIT AUTEUR 28 (1982).

3 To compare the two opposite opinions, see Nikiema, *supra* note 2. *See also* Janice G. Weiner, *Protection of Folklore: A Political and Legal Challenge*, 18 INT'L REV. INDUS. PROP. & COPYR. 56 (1987); Paul Kuruk, *Protecting Folklore Under Modern Intellectual Property Regimes: A Reappraisal of the Tensions Between Individual and Communal Rights in Africa and United States*, 48 AM. U.L. REV. 769 (1999).

dix VII of the Bangui Agreements.[4] This regional convention dealt with the protection and promotion of the African cultural heritage, of which the protection of works of folklore is but one aspect.

The will of the majority of African states to protect, in particular by copyright law, creations from their national heritages, is a factor bringing the different states closer in spite of the rifts caused by colonization, at least in the field of copyright law.[5]

It is a fact that the principle of protection of folklore by copyright law is accepted in African statutes and in international treaties or conventions. However, difficulties arise in the enforcement of copyright in African folklore around the world. Most of the answers to the questions that are posed may be found in the various statutes, but some answers lie beyond the statutory texts. The practical difficulties that arise fall into two categories: the right to exploit, and the right to the profits of exploitation.

I. THE RIGHT TO EXPLOIT FOLKLORE

Exploitation of African folklore is generally subject to certain conditions, and remedies are available when those conditions are not respected.

A. Conditions for Exploitation

African copyright statutes generally provide that the exploitation of national folklore with gainful intent is subject to the authorization of the qualified office, board or authority, and to the payment of a royalty.[6] In theory, the royalty is due to the competent office or board charged with the management of copyright in folklore, which is often the office or the society charged with the management of copyright in general. Indeed, in the majority of African states it is a single office, and thus it is easy to know where to request an authorization. Difficulties arise if several societies of copyright management exist in a country.

Many states, mainly the British ex-colonies, provide in addition to one or more societies of copyright management, a special office whose job is to take care of the promotion and respect of folklore. Thus, in Nigeria the body charged with granting authorizations to exploit folklore is different from the society of collective management, the Nigerian Copyright Coun-

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[4] Concerning protection by copyright law, see Article 59.

[5] *See* Laurier Yvon Ngombe, *Propriétés artistiques et acculturation juridique. Réflexions sur la réception du droit d'auteur et du copyright en Afrique*, 4 REV. DE LA RECHERCHE. JURIDIQUE DROIT PROSPECTIF (RRJ) 2011 (2002).

[6] *See, e.g.*, Togolese law (L.n°91-12, June 1991) art. 68.

cil.[7] Sometimes, the authorization must be requested from the minister of cultural affairs, such as in Malawi and Tunisia.[8]

At the national level, things appear relatively simple. A person who decides to perform or to market a work of folklore requests an authorization from the qualified board, or declares a work of folklore to be his own creation. In the second case, the society of collective copyright management can refuse to consider him as author if the work is in fact a mere copy of a work of folklore.[9]

The request for authorization supposes that the source or origin of the folklore is known. For this reason it is necessary to index works of folklore.

In some cases adaptations and arrangements of works of folklore, as opposed to other types of exploitation, may be subject to a declaration rather than an authorization.[10]

What about exploitation abroad, or more precisely, exploitation in a country other than that where the folklore originated? Which board or body is qualified to record the declaration or to deliver the authorization? One can suppose, at least if the country of the user grants protection to folklore under copyright law, that when a declaration is required it can be recorded by the competent board or office of the country where the user (the performer, producer, publisher, etc.) is resident. Thus, if a musician residing in the Congo decides to perform an adaptation of a song which is from Senegalese folklore, he could go to the *Bureau Congolais du droit d'auteur* (the Congolese Copyright Office) to notify his declaration and pay the related royalty.[11] On the other hand, if an authorization is required it must be requested from the qualified foreign board or office, either directly or through the competent body of the country of the performer. Only the board or the office managing the copyright in the folklore is able to determine whether or not an authorization should be granted. A declaration, on the other hand, is just a recording, and it does not matter who carries out the recording so long as the information ultimately flows back to the appropriate office.

Once the authorization is obtained, an indication of the source of the folklore should be required, just as it is necessary to cite the author of a

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[7] Law of Nigeria art. 28.3.

[8] Law of Malawi art. 28; Law of Tunisia art. 7.

[9] Concerning musical folklore, see the example of Senegal cited by B. Ndoye, *Protection of Expressions of Folklore in Senegal*, 25 COPYRIGHT: MONTHLY REV. WORLD INTELL. PROP. ORG. 374 (1989).

[10] *See, e.g.*, Togolese Statute n°91-12, June 10, 1991 (securing copyright protection of folklore and of neighbouring rights, art. 68).

[11] It implies that BCDA transmit the declaration and the royalty to BSDA.

work. African laws generally provide that the origin of folklore must be indicated.[12]

The origin of the work of folklore and thus the office entitled to deliver an authorization may be difficult to determine. Indeed, many folkloric works do not come from states in their current form, but from tribes or ethnic groups that may exist in several states, and that preexisted the modern states. Indeed, the cultural area of much folklore does not coincide with the legal borders of the modern states. So, it may happen that an artistic creation can be legitimately regarded as the folklore of more than one state. In this case, in our view, one should contact any office or board likely to be competent, and seek resolution of the problem from that authority or board.

It would not seem practical to require that the user, performer or collector of the folklore be obliged to solve such a question. However, it seems logical that each state as "heiress" of the folklore have rights in such a work. When only a declaration is required, this may pose less of a problem since the declaration need only be recorded in one of those states.[13] However, more difficulties arise with authorizations, in particular if an office were to grant an authorization which the officially designated office would have refused.

One solution to this problem would be to distinguish whether the user (or performer, producer, etc.) is or is not native to one of the states likely to claim "authorship" of the creation of folklore in question. If he is, then the authorization should be requested from the user's state. If not, then the authorization should be requested from all of the offices or boards likely to be qualified, either directly or indirectly through the competent office of the country where the user resides. In the event of concordant answers from such offices or boards, the question is resolved. In the event of divergent answers, the various requested offices should reach agreement and give a definitive answer to the user. That supposes a constant and effective cooperation between the various African offices, boards or councils, which manage copyright in folklore.

For example, a folkloric song of the Téké ethnic group, living in Congo (Brazzaville), in Democratic Republic of Congo (RDC) and in Gabon, could be regarded as part of the folklore of the Congo, of the RDC or

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[12] *See, e.g.*, Tunisian Law art. 8.

[13] The question of the royalty will remain. The question may be raised as to the appropriateness of sharing the royalty between the different states, which can, with good reason, claim the origin of the folklore. If so, that raises the further question of the rate or the amount of the royalty. In our view, the statutes of the country where the declaration is notified will be then applied (in case of multiple declarations it shall be the country of the first declaration).

of Gabon. According to our proposal, if a Gabonese wants to perform this song with a lucrative aim, he could request an authorization from the National Agency for Artistic and Cultural Promotion (ANPAC)[14] if he resides in Gabon, and from the Congolese Copyright Office (BCDA) if he resides in Congo.

For the same song, a Senegalese, for example, should request authorization from the qualified office of Congo, RDC, and Gabon, either by addressing the request directly to those offices, or by working through the Senegalese copyright office (BSDA). He would then await the common answer of the three offices.

The question of the designation of the office qualified to grant authorizations to exploit folklore and to receive royalties could also be solved by a regional arbitration authority composed of representatives of the various qualified offices or boards. The next question is which office should collect and distribute royalties. Both questions are linked, and to answer one is to answer the other, at least as the various African statutes are currently drafted.

To facilitate the enforcement of folklore protection and the management of declarations and authorizations at the regional and international levels, the agreements between various societies of collective copyright management should include a declaration about folklore. Between states admitting the protection of folklore by copyright law, this goes without saying. Regardless of any particular state's position on folklore however, folklore is a part of the repertoire of African societies of collective management of copyright. Even countries that do not protect folklore by copyright law should recognize that the repertoires managed by many of their copyright agencies' sister societies include works of folklore.[15] Such agencies should be entitled to receive declarations and royalties on behalf of African societies.

Authorizations, on the other hand, must be handled between the various societies on a case-by-case basis rather than being subject to a single general mandate.

Are authorizations or declarations necessary beyond the term of copyright? For example, in France, will an authorization be necessary more than seventy years after the publication of the folklore?

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[14] At least that is what the statutes provide (copyright law, law n°19/82, Jan. 24, 1983 creating the *Agence nationale de promotion artistique et culturelle*; law n°4/83, July 24, 1983, completing and amending law n°19/82).

[15] This proposal must be considered only when the board or office administrating copyright in folklore is a society of collective management. It is less easy to apply when the competent authority is not a collective management society, or when it is the ministry of cultural affairs.

In any case, particularly on the international level, the user's knowledge of the origin of folklore is an important question. May such knowledge be taken into account to punish unauthorized uses or exploitation?

B. Remedies for Unlawful Uses

A variety of questions may be raised regarding remedies for unlawful uses of works of folklore. Such questions relate to both domestic and international law, and concern issues of both applicable law and the scope of law. Answers are generally found in domestic statutes or in the Berne Convention.

Let us start with a hypothetical that could actually arise. Imagine that a person living in Gabon reproduces on Gabonese territory a folkloric song from Burkina Faso, and that the exploitation of this work is not authorized. The competent Gabonese authority (or in case of inertia of the Gabonese authority, the Burkinabe authority) would be able to lay the matter before a Gabonese court. As Burkina Faso and Gabon include works of folklore among protected works, the question of whether the work in dispute is protected or not will not be raised regardless of the applicable law. As to the available remedies, it is generally agreed that they are those of the country where the protection is claimed.[16] In this example, the applicable law and thus potential sanctions would be Gabonese.

On the other hand, in a case of infringement of copyright in folklore that occurs in a country where protection of folklore is not secured by copyright law, query whether any sanctions will be possible. Assuming that such country is a member state of the Berne Union, and that the folklore in question originated in a Berne country, certain provisions of the Berne Convention may provide hope that it will be possible to punish the offender.

We may first cite article 15(4) of the Berne Convention, which refers to the law of the country of origin. Applying this rule, in a case of infringement even in a country that does not protect works of folklore, protection would be assured. However, are the only works that can be protected under this article those that correspond to the definitions contained in article 15(4) of the Berne Convention?[17] Distinguishing

[16] Paul L.C. Torremans, *The Law Applicable To Copyright: Which Rights Are Created and Who Owns Them*, 188 RIDA 36 (2001); Jerome Huet, *Le droit applicable dans les réseaux numériques*, JDI 737 (2002).

[17] The question arises with respect to an unpublished works where the identity of the author is unknown, but where there is a very ground to presume that he is a national of a country of the Berne Union. *See* GUIDE DE LA CONVENTION DE BERNE POUR LA PROTECTION DES OEUVRES LITTERAIRES ET AR-

between unpublished and published works, one can imagine various situations.[18]

First hypothetical: a work of folklore is reproduced, after authorization, in a certain medium (a CD for example). Another person reproduces the same work. If the second person has only made a copy of the first CD, then it is an infringement of the copyright (or its neighboring rights) of the first producer. Must we assume that the competent authority of the country where the folklore originated will not be able to pursue the infringer? If the second user makes a new performance of the folkloric work, then there will not be infringement of the neighboring rights of the first producer, but is there also no infringement of copyright in his work?

Both of these cases raise the question of the exclusivity of the first user's rights in the work of folklore. The spirit of African statutes and their assertion of perpetual copyright in folklore suggest a negative answer. After all, every person may obtain an authorization to use or to exploit the same work of folklore. To the first user is only secured a non-exclusive right to use a "cultural (and intangible) good." Also, in our opinion, the competent authority of the state where the folklore is from should have the right to refer the matter before a court when its folklore has been infringed, even if the work was already published.[19]

At the international level, the question of duration is also raised. Article 7(3) of the Berne Convention provides a term of protection of fifty years after the publication date for anonymous works and pseudonymous works (compared to seventy years in the statutes of the EU and in Appendix VII of the Bangui Agreement). We may then assume that, outside of the states which expressly protect works of folklore, the term of copyright will be restricted. The Berne Convention provides that, "In any case, the term shall be governed by the legislation of the country where protection is claimed." That suggests that when a work of folklore is published, the competent authority of the country of origin cannot sue in cases of copyright infringement when the infringement occurs more than fifty (or even seventy) years after the (first) publication. Nevertheless, query whether in some circumstances perpetual protection may be granted, even in a country that does not protect folklore by copyright law.

Let us suppose that a work of African folklore is lawfully published. Then, seventy years after that publication the work is mutilated, and the

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TISTIQUES 110 (Acte De Paris, 1971) (W. Wallace ed., 1978) (English version).

[18] However, it seems that the reference to unpublished works in article 15(4) means works not published at the moment when the Paris Act came into force. *See* DESBOIS, FRANÇON & KEREVER, *supra* note 2.

[19] Except if there was a publication before the current article 15(4) of the Berne Convention has come into force.

mutilated work is exploited or marketed in France. Could the competent authority sue to claim damages and stop the mutilation? Could the French court to which the matter is referred, by analogy with the perpetuity of moral rights, decide that folklore is protected for an unlimited time?

Second hypothetical: the work in dispute is unpublished. (Publication here means "exploitation or use of the work outside of its restricted cultural context."[20]) In this case, one may apply rules usually applicable to unpublished works. The unauthorized "publication" of a work of African folklore in a country of the Berne Union should be punished by the law of that state. What will be the remedies? Certainly every civil remedy provided in a case of unauthorized publication of any work will be available, unless specific remedies (even penal) are provided.

However, it should be noted that in accordance with article 15(4) of the Berne Convention, the competent authority, before suing, must have previously notified the Director General of WIPO.[21] If an African authority administering rights in the folklore of its state refers a matter before the court of another state, will that court consider that the lawsuit is inadmissible if this formality has not been undertaken? It must be distinguished whether the law of the court to which the matter is referred cites works of folklore among protected works. If so, we may assume that the foreign society of collective management will be allowed to lay the matter before a judge in the country of the infringement. If not, there are two possibilities. Either the court strictly applies the Convention, and checks whether the foreign authority which instituted the action has complied with the required formalities before the WIPO Director General, or the court adopts a less restrictive interpretation and admits the action of the foreign authority.

We have suggested above that folklore of African states be considered as among the repertoire of the states' societies of collective management. It would be helpful if the office or society that represents African societies of collective management in the jurisdiction where the infringement occurred were to act on their behalf. This solution seems simple and straightforward to implement. The competent authority of the country where a work originated would act only in case of inertia of the society of the country where the copyright has been infringed. According to this proposal, such an action would be admissible by the mere fact that the work is part of the repertoire of the said society of collective management.[22]

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[20] *See* PIERRE-YVES GAUTIER, PROPRIETE LITTERAIRE ET ARTISTIQUE (4th éd. 2001), Paris, Presses universitaires.

[21] *See* Nikiéma, *supra* note 2, at 303.

[22] When the competent authority is not a society of collective management, one would just have to consider it as such a society.

Moreover, could the court take the approach of referring to the law of the country of origin for "questions related to the principle of rights,"[23] as has been suggested, and thereby refer to the law of the country where the folklore originated? Thus, a work of folklore would be considered a protected work. For questions related to procedures and remedies, the court would apply its law[24] in accordance with article 5(2) of the Berne Convention.[25]

What are the typical remedies in Africa? Some African statutes provide expressly that an unauthorized exploitation of folklore is an infringement.[26] In the absence of remedies specific to folklore, the remedies are the same as for the infringement of any work.[27] However, what about statutes that do not provide that the unauthorized exploitation of a work of folklore is an infringement? One may assume that those works that appear in the list of legally protected works are protected like any other work.[28]

Sometimes, specific remedies are provided for infringement of works of folklore,[29] typically, a fine of double the value of the royalty which should have been paid.[30] When specific remedies are provided, are general ones applicable? While we assume that only specific remedies are applicable,[31] it may be that the specific remedy does not punish a distinct

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[23] Huet, *supra* note 16, at 749. *See also* George Koumantos, *Private International Law and the Berne Convention*, COPYRIGHT: MONTHLY REV. WORLD INTELL. PROP. ORG. 415 (1988); JEAN-SYLVESTRE BERGE, LA PROTECTION INTERNATIONALE ET COMMUNAUTAIRE DU DROIT D'AUTEUR: ESSAI D'ANALYSE CONFLICTUELLE (1996); Torremans, *supra* note 16.

[24] Coinciding with the country where the offense occurs.

[25] It is possible, however, to refer merely to article 15(4), which expressly refers to the country of origin concerning the designation of the competent authority for the management of copyrights in folklore.

[26] *See, e.g.*, Nigerian Law art. 29.

[27] *See, e.g.*, Law of Congo (Brazzaville).

[28] Among laws that do not provide specific remedies for infringement of works of folklore, see Law of Togo art. 85; Law of Congo arts. 100, 101.

[29] *See, e.g.*, the statute of Burkina Faso, which provides at article 102 that "Any person exploiting a work of folklore or a work in the public domain who has not obtained authorization from the professional body of authors shall be liable for the penalties applicable to the third category offenses." *See also* article 6 of the Ghanaian Act which provides a prison sentence of two years and/or a fine of 10,000 cedis.

[30] *See, e.g.*, Law of Rwanda art. 78. *See also* Law of Ghana arts. 46.2 to 48; Law of Central African Republic which provides that "unauthorized exploitation of folklore is an offense of the fifth category." (For this category of infringement remedies are generally less important than for a misdemeanour.)

[31] *See* Nikiéma, *supra* note 2, at 340 *et seq.*

offense, and thus may serve as a complementary remedy.[32]

Are these remedies really dissuasive? Indeed, the maximum fines are often low.[33] While more dissuasive remedies may be preferable, above all some remedy must be applied. Some African statutes are more severe than others, providing not only fines but also prison sentences to punish infringement of works of folklore.[34]

It is also necessary to consider deformation or mutilation of works of folklore. The law of Sudan provides in this regard that in a case of unauthorized transformation or mutilation of a folkloric work, the state, represented by the ministry of cultural affairs, will act as if it was the author (section 7.2). Algerian law requires that every user of a work of folklore respect its "authenticity."[35] We also note that many African statutes provide explicitly that it is an offense to infringe economic rights as well as moral rights. The parallel between moral rights and the protection of the esthetic aspects of folklore suggests that the mutilation of a work of folklore should be punished like any unauthorized exploitation. In this regard it is appropriate to speak of the "authenticity" of folklore, as in the Algerian statute.

II. THE RIGHT TO BENEFIT FROM THE PROFITS OF EXPLOITATION

Profits generated from the exploitation of works of folklore must be distributed in accordance with a distribution key which is almost the same in every African statute providing protection of folklore. First, however, one must ask from whom and how the profits of exploitation will be collected.

A. Collection of Royalties

One can imagine two possible situations:

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[32] For an application of general remedies for infringement of works of folklore, see C.J. Kingué, La protection du droit d'auteur dans les Etats membres de l'Organisation Africaine de la Propriété Intellectuelle 283 (unpublished thesis, University of Paris II, 1985).

[33] Besides the example of Rwanda cited *supra*, see, e.g., Congolese law at article 101. This article provides a fine not to exceed 60,000 francs CFA ($90) for the first breach. *See also* the law of Burundi which provides "a fine of 10,000 ($15) to 100,000 ($150) Burundi francs" (article 40). *See also* Law of Central African Republic quoted above. On the other hand, see Law of Sudan which provides that the infringer is liable for "a fine set by the court" and/or to a prison sentence of three years maximum (Copyright Act art. 36 (1996)).

[34] *See, e.g.*, Ghanaian Law of Mar. 25, 1985 (Copyright Act art. 46 (1985)).

[35] Law of Algeria art. 142.

1°) Somebody wants to reproduce a work of folklore which he has collected himself. What is the amount of the required royalty?

The African laws studied in this article do not mention the amount of the required royalty or its rate. In our view, there are two possible answers. Either one applies the usual royalty required for any work of the same category; or the work of folklore can be regarded as a work in the public domain and the related scale is applied. The second possibility seems to better correspond to the spirit of African laws providing for the protection of folklore. These laws provide a *domaine public payant* for which the applicable royalty is lower than for other works. As one of the purposes of such laws is to promote folklore, we may assume that low royalties will contribute to its publication and promotion.

What if the same person decides to exploit the work of folklore in a foreign country? Will he have to pay the required royalty of the country of origin of the work or the royalty provided in the country of exploitation? If the applicable law is the one of the country of exploitation, will a specific royalty be required? Should it make a difference whether or not the country of exploitation protects works of folklore?

In our view, the royalty must be the one required for all works of the same type in the country of exploitation. In accordance with the reciprocal representation contracts between societies of collective management, a share of the royalty will be paid back to the competent society in the country of origin of the work.

2°) A person wants to exploit a work of folklore which has been published by another person, or has been archived by the state and made accessible to the public. Will the amount of the required royalty be the same as in the first hypothetical? One can distinguish the two according to whether the foreign country does or does not protect works of folklore on the same terms.

If the country where the folklore originated and the foreign country in which the folklore is exploited have similar laws, the answer seems simple. We may assume in this case that the applicable royalty will be the same as for the *domaine public payant*. So, the royalty will be the required royalty for the *domaine public payant* of the country where the folklore is exploited. Thus, for an exploitation of a work from the folklore of Madagascar in the Congo, the person who exploits the work (if he resides in the Congo) would pay a royalty to BCDA. The amount of that royalty would be the same as for a work of the same category in the public domain.

On the other hand, if the exploitation is made in a country which does not include works of folklore among protected works, one can (assuming the protection of works that are protected in their country of origin) ex-

pect the payment of the usual royalty for the same type of work in the country of protection. So for an exploitation of a song from Guinean folklore in the U.S.A., the producer (or the performer) will pay to ASCAP, for example, a royalty in accordance with the scale applied by that society. However, if the work is considered no longer protectible (for instance because the term of protection has expired), there will be no royalty to pay. That is why it is advisable that perpetual protection of folklore originating in countries protecting it be recognized in other states, and at least in member states of the Berne Union. Indeed, limiting the protection of African folklore beyond a certain point would strip from African copyright laws one of their main purposes.[36]

What is the applicable royalty for adaptations and arrangements? In our opinion, in this case, too, the applicable royalties are those provided for works of the public domain. That is the answer at the national level. At the international level, we may suppose that the applicable royalty will simply be the one required for any work. Royalties would be collected in cases of reproduction or public performance of works derived from African folklore. However, the distribution of royalties must take into consideration the origin of folklore.

B. Distribution of Royalties

African statutes generally provide the following distribution key:

- in the case of exploitation without arrangement or adaptation: 50% for the person who has collected the folklore and 50% for the state;
- in the case of exploitation with arrangement or adaptation: 75% for the "author" (meaning the person who has adapted the work of folklore) and 25% for the state.

There is a similarity here with the rules that govern posthumous works. There is a kind of premium given to the collector (similar to that given to the publisher of a posthumous work). However, how long will the collector benefit from the distribution of royalties? May one consider the lack of African law on this question as meaning that the collector (and his successors) will receive 50% of the royalty for an unlimited period of time? In our view, the state, through the competent authority, should receive 50% of the royalty for an unlimited period of time, and the collector

[36] The question also arises as to whether a native must also pay the royalties to exploit their own folklore, and if so, is that not contrary to the purpose of promoting the cultural heritage? *See, e.g.*, John Collins, *The 'Folkloric Copyright Tax' Problem in Ghana*, MEDIA DEVELOPMENT, Jan. 2003, at 10-14, *available at* http://www.wacc.org.uk/modules.php?name=news&file=article&sid=806 (discussing the case of Ghana and the issue of Ghanaian folklore performed by Paul Simon).

should receive 50% for a limited period. The term of the collector's royalties should start from the date of "publication." Regarding the exact length of the term, we suggest the term of protection provided for posthumous or anonymous works in the country of origin.

Imagine that someone has collected and compiled works of folklore from Ivory Coast. She obtains the authorization, pays a royalty to BURIDA (Copyright Office of Ivory Coast), and then reproduces and exploits the works. The distribution key provided by African laws as mentioned above requires that the collector pay to the state (or to its competent authority) 25% of the economic benefits of the exploitation of the works of folklore.

Now imagine that a third party wants to exploit the same works. She requests authorization from BURIDA and pays the required royalty. The works (musical works for example) are broadcast and generate royalties. The royalties collected by the competent society of collective management will be distributed to the state and to the collector of the folklore in accordance with the aforementioned distribution key.

Concerning exploitation abroad, once the foreign authority has paid to the competent African authority the collected amounts, the African office will distribute them. However, how is the distribution accomplished when the collector is a member of a society of collective management in a country where the folklore did not originate? Assume for example that a song of Togolese folklore is exploited in the U.S.A. and that ASCAP, according to what we have suggested above, collects royalties on behalf of BUTODRA (the Togolese Copyright Office), and pays the royalties to BUTODRA (after deducting its usual fees). If the work was collected by somebody who is not an affiliated member of BUTODRA, must ASCAP pay to BUTODRA the royalties due to the collector? In practice, only the competent authority of the country of origin will be able to know if the work was not collected or published before. However, it would not be practical that the royalties be paid first to the authority of the country of origin and then, a second time, to the society of the country where the collector is an affiliated member.

It seems that African laws have not considered works which have been previously published or made accessible to the public by departments of culture. If exploitation of such a work occurs, will the aforementioned distribution key be applied? We think not. Every user or producer has to pay a royalty to the competent society or authority, as is usually required for works of the same category. How can a user or producer who has not collected the work of folklore claim to receive the share of the royalty provided by the statutes?

The basis for calculating royalties related to works of folklore must be modeled on those of other protected works. Thus, as noted above, it will

include profits generated by any broadcasting of the works. In this case, shares usually allocated to authors are due to the state (through the competent authority).

At the national level, when the law provides a remuneration for private copying, a part of the sums so collected is due to the competent authority.[37] However, things are different at the international level.

When a law provides remuneration for private copying only to national authors, performers and producers, royalties generated by foreign works cannot be paid back to the countries of origin. In France, for example, article L. 311-2 of the Code of Intellectual Property provides that, subject to international conventions, remuneration for private copying is distributed to producers, authors and performers of phonograms only when the phonograms are fixed for the first time in France. Even if we admit protection of African folklore on French territory, remuneration for private copying could be excluded from the basis for calculating royalties due to the competent authority of the country of origin. Two conditions are necessary for that authority to claim remuneration for private copying: on one hand, the work must have been fixed for the first time in France (unless subject to an international convention), and on the other hand, the state of origin must be regarded as an author. In France (as in many other developed countries), the first condition will often be satisfied by producers from French-speaking African countries, because many producers from those countries fix their phonograms for the first time in France. However, France and most African states (French-speaking and English-speaking) are member states of the same international conventions. So, as Walter Dillenz has suggested, in accordance with the principle of national treatment provided by article 5(1) of the Berne Convention, foreign authors should enjoy every right granted to the nationals of the country where the protection is claimed.[38] Though the author of the work of folklore is not identified, it is enough that the share due in theory to the author of the work be paid to the competent authority of the country where the presumed author is a national, i.e., the country where the folklore originated.

It must be noted that African copyright acts generally provide that a part of the royalties from folklore is collected for social and cultural purposes. Query whether the economic fruits of the exploitation of folklore should not benefit the ethnic community where the folklore originated. Thus, when distributing royalties, each community should receive its

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[37] In addition to what that body could receive for social and cultural purposes on the royalties generated by other works.

[38] Walter Dillenz, *The Remuneration for Home Taping and the Principle of National Treatment*, COPYRIGHT: MONTHLY REV. WORLD INTELL. PROP. ORG. 186 (1990).

share. African states have chosen a national approach. The folklore of each community of an African state is part of the national folklore, and the exploitation of folklore benefits the national community, and not only the ethnic community where the folklore originated. This is a good approach because it contributes to the people's consciousness of belonging to a nation beyond ethnic differences.

One might also ask whether a *droit de suite* in a folkloric work of visual art is possible. If we consider the historical origins of that right, the answer may be negative. However, adopting a less western approach may permit such a right for works of folklore. If so, the rate of the *droit de suite* should be very low, as one of the purposes of African laws is the promotion of culture.

The royalties that may be generated by the exploitation of folklore, and which can benefit the social and cultural funds for which they are intended, may be considerable. One can see the economic importance of protecting folklore by copyright law in Africa.

CONCLUSION

Though they do not answer all of the questions that may be raised by the protection of folklore by copyright law, African statutes help us to realize that protecting folklore as literary and artistic property is not wholly inappropriate. Nevertheless, a permanent cooperation among African states is necessary to make such protection real. It is likewise necessary to find solutions at the international level. It must be remembered that the international exploitation of their folklore induced African states (among others) to provide protection for expressions of folklore as intellectual works. The effectiveness of the protection of works of folklore depends in large measure on an international consensus, beyond article 15(4) of the Berne Convention. African states, associated with others, must persist in working for real protection at the international level,[39] as such international recognition is essential for the effective protection of works of African folklore. Without appearing pessimistic, there are grounds for skepticism concerning such recognition, at least given the current state of development of international protection of intellectual property.[40] As has

[39] Thus, in the wake of a diplomatic conference called by WIPO in December 1996, WIPO and UNESCO called a meeting relating to folklore from April 8 to April 10, 1997 in Phuket, Thailand at the developing countries' request (*see World Forum of Folklore, Phuket Thailand, April 8 to 10, 1997*, UNESCO/OMPI, 1998). In 1996, those countries had deplored that the question of folklore is not often considered in international instruments (texts).

[40] We do not wholly share the optimism of F. Shyllon in the conclusion of his aforementioned article.

been written, one may wonder whether, with respect to developing countries, the current internationalization of intellectual property is not a new cultural colonization.[41] However, it can be argued that the protection of folklore with effective enforcement would contribute to greater respect for the cultural differences of African states. As has been noted, developed countries should adopt a pluralistic approach rather than impose their model of intellectual property protection on developing countries.[42]

It is possible, for purposes of protecting of African folklore at the regional and international levels, to envision how to effect its enforcement. The solutions suggested in this article may contribute to making such protection real. The questions that have been raised could provide a basis for reflection on the issues. Naturally, copyright law is only one way of protecting the African cultural heritage.[43] There are others ways to accomplish such protection, both legal[44] and non-legal.[45]

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[41] Doris E. Long, *Globalization: A Future Trend or A Satisfying Mirage?*, 49 J. COPYR. SOC'Y 313, 317 (2001).

[42] D. Burkitt, *Copyright Culture — The History and Cultural Specificity of The Western Model of Copyright*, 5 INTELL. PROP. Q. 146, 174-75 (2001). Action may be taken, perhaps, by WTO as the question of folklore is in the agenda of the ninth round of negotiations and submitted to the TRIPs Council. (It will be interesting to see if the principle of protection of literary and artistic works of folklore by Copyright Law will be confirmed.) The question of the protection of cultural heritage was one of the main topics on the cultural agenda at the thirty-second session of UNESCO's general conference. An international convention should then be adopted.

[43] C. Masouyé, *The Protection of Expression of Folklore*, 115 RIDA 2, 8 (1983) (noting that "Despite [the] legislative or conventional efforts, the impression emerges that protection through the instrumentality of copyright does not appear to be suited for controlling the commercial use of folklore.").

[44] *See, e.g.*, Bangui Agreement, tit. II, app. VII. *See also* the regional *Consultation of UNESCO/OMPI for Africa about The Protection of Folklore* (Pretoria from Mar. 23 to Mar. 25, 1999), *summarized in* 33(4) COPYR. BULL. 44 (1999); Masouyé, *supra* note 43, at 10, P. Kuruk, *African Customary Law and the Protection of Folklore*, 36(2) COPYR. BULL. 4 (2002), who suggests a protection by African customary laws. But such a protection is not wholly appropriate in the current world. However, it may be a good additional protection at the national level. For the part of folklore belonging to literary and artistic creation, my opinion is that copyright law is one of the best ways to protect it.

[45] Concerning an approach beyond the legal field, see N. Kouanang, *Some Reflections on Copyright and Protection of Cultural Heritage in Africa*, COPYRIGHT: MONTHLY REV. WORLD INTELL. PROP. ORG. 235 (1976). *See also* the promotion made by UNESCO which has published some African folk songs. The MASA festival (Abidjan, Ivory Coast) is also a way to promote African folklore, make it known, and even protect it.

PART II

COPYRIGHT CORNER

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COPYRIGHT LUNCHEON CIRCLE: THE INTERPLAY OF COPYRIGHT AND TRADEMARK LAW IN THE PROTECTION OF CHARACTER RIGHTS WITH OBSERVATIONS ON *DASTAR V. TWENTIETH CENTURY FOX FILM CORP.*

by ROGER L. ZISSU*

I would first like to qualify my introduction by saying that I have not only represented owners, but also users of characters in various matters relating to them over the years.

I will first review certain basics on character rights before commenting on the *Dastar* decision.[1] Please note that in this review the cases I will mention are illustrative and mostly concentrated in the Second and Ninth Circuits, but that there are pertinent decisions to consider in other circuits on thse points.

I. PRÉCIS OF BASICS ON CHARACTER RIGHTS

First, please note that we're considering today only fictional characters, not historical figures or living persons which would involve us in other matters, including publicity rights which is an area involving numerous additional considerations and difficulties.

Second, when we talk about character rights, it is important at all times to keep in mind that there is a duality to the protection, or fusion of protection, under the copyright and trademark laws.

Let's now go through some of the basics on copyright and trademark protection in so far as these may relate to fictional characters.

Our copyright laws reward authors in order to encourage the production of creative works for the public benefit.[2] But copyright protection

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[1] Dastar Corp. v. Twentieth Century Fox Film Corp., 123 S. Ct. 2041 (2003).

[2] U.S. CONST. art. I., § 8.

does *not* extend to ideas or facts.[3] The purpose of our trademark laws is to protect the public from deception in the market place.[4]

With regard to copyright, there is no such thing as a registration for a character as such. Under section 102(a) of the Copyright Act, one can register two or three dimensional depictions of a character as a work of "Visual Art."[5]

Literary works are also protected by copyright, and characterization, along with the elements of plot and setting and locale, as components of literary works, *can be* protected as part of an author's literary expression. To obtain such protection, characters must be sufficiently developed beyond ideas and themes. The characterization element is no less or more protectable than plot and locale, provided that this delineation requirement is met. The leading authority for such character protection by copyright is still Judge Learned Hand's 1930 decision in the *Nichols* case.[6] quoted in the outline.

Apart from the infringements by third parties who copy without authorization, which is what occurred in *Nichols*, copyright infringements of characters can come up when an assignee of an author's rights under copyright, in a story or novel in which a character is first delineated believes that such a purchase includes all rights in the character enabling the buyer to prevent the author from reusing the character in sequels and/or to prepare its own sequels. The Sam Spade case, *Warner Bros. v. CBS*, in the Ninth Circuit,[7] arose from such circumstances. The most important lesson from that decision is the importance of being very clear in covering character rights if you represent anyone purchasing copyright rights in a work or series of works who is seeking to acquire character rights. The public policy in favor of an author's retention of rights, so that he or she may reuse the characters in newly created works, for example, in a series, in the absence of a clearly expressed intention to the contrary, was the basis for the Ninth Circuit's holding that Dashiel Hamett did not convey his rights to recreate sequels featuring Sam Spade in transferring his rights to Warner Brothers in connection with its producing of the motion picture *The Maltese Falcon*.

Since the legal protection for characters is based in both the copyright and trademark laws, a transfer or license of character rights should be sure to cover both kinds of rights relating to the character in question. This is

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[3] *See* 17 U.S.C. § 102(b) (2000).

[4] *See* 15 U.S.C. § 1125(a) (2000).

[5] 17 U.S.C. § 102(a) (2000).

[6] Nichols v. Universal Pictures Corp., 45 F.2d 119, 122 (2d Cir. 1930), *cert. denied*, 282 U.S. 902 (1935).

[7] Warner Bros. v. Columbia Broad. Sys., 216 F.2d 945, 949 (9th Cir. 1954), *cert. denied*, 348 U.S. 971 (1955).

normally done by a grant clause using a contractual definition of the licensed "property" or "character," including rights in the character as delineated in specified copyrighted works and the trademark rights in the character's particular name, appearance and indicia of origin.

Any assignment or license of trademark rights must also avoid the pitfall of being an assignment in gross or naked license. In a sale of trademark rights, there must also be a transfer of the assets and goodwill of the business that the trademark represents. For example, a brewer could not sell its beer trademark without also transferring to the purchaser its brewing facilities and/or the process by which it brews. For Budweiser, this would include beechwood aging. Otherwise, the mark will no longer mean what it has meant to the consuming public in the past. In a license, there must similarly be quality control by a requirement that the licensee adhere to a quality standard consistent with that which the mark in question has come to signify.

Rights under the copyright and trademark laws relating to characters are subject to the same limitations that apply to other copyrightable works and to trademarks. As we all know, copyright protection does not exist for ideas and facts,[8] and copyrights have a limited term.[9] There is also a highly developed statute-based fair use privilege for others than the copyright owner to use the work freely.[10]

Trademark rights are only obtained for specific goods or services in connection with which a mark is used, and only affect other parties' rights to use the mark for those or sufficiently related goods to prevent confusion as to source.[11] Non-trademark[12] and fair uses of trademarks cannot be prevented by a trademark owner.[13] Every merchant has a right to describe accurately his or her products, so long as there is no misleading as to source. There is also well-established First Amendment precedent holding that some confusion must be tolerated where it results from a use of a title for a creative work or communicative product, that has at least *some* relationship to the content. The Second Circuit's decision in the Fred & Ginger, Felini film, case, *Rogers v. Grimaldi*,[14] is the leading case on this issue. The recent *Mattel* case in the Ninth Circuit has followed *Rogers*.[15]

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8 17 U.S.C. § 102(b) (2000).

9 *Id.* §§ 302–305.

10 *Id.* § 107.

11 *See* 15 U.S.C. §§ 1051(a), 1053 (2000).

12 *See, e.g.*, Rock & Roll Hall of Fame & Museum v. Gentile Prods., 109 F.3d 749, 754-55 (6th Cir. 1998).

13 *See* 15 U.S.C. § 1115(b)(4) (2000) and, *e.g.*, Cairns v. Franklin Mint Co., 292 F.3d 1139, 1150 (9th Cir. 2002)

14 875 F.2d 994, 999 (2d Cir. 1989).

15 Mattel, Inc. v. MCA Records, Inc., 296 F.3d 894, 903 (9th Cir. 2002), *cert. denied*, 123 S. Ct. 993 (2003).

When copyright protection for a work is no longer extant, what uses can the public make of the public domain material?

Exact reproduction of the original work is clearly permitted.

But what about the preparation of derivative works, for example, using some or all of the no longer protected character material in a new film based on a public domain book?

Although there is no copyright principle affecting or prohibiting such a use, depending upon the history of what uses the author has made of the name or appearances of the original work and its characters, the party who prepares the new derivative work may have to take steps to avoid violation of any trademark-type rights that may have been built up therein. Such steps may be required to avoid creating a likelihood of confusion as to an affiliation or association of the new work with the source of the products and services in connection with which these symbols or indicia have come to be identified through prior use by the original work's author.

For example, and this is only hypothetical, if Disney has been selling for years, apparel bearing reproductions of Mickey Mouse, notwithstanding the expiration of copyright protection for the illustration in question, it is still not possible for a third party to use a copy of it on its apparel. On the other hand, even if this artwork has also been used by Disney in many earlier animated films, in such a case, it may nevertheless be possible to prepare a new animated film using the no-longer-protected artwork for the character, provided that such a new derivative work is labeled and promoted in such a way as to make it clear that it does not emanate from and is not affiliated with Disney.

The fact that such image of the character has been an ingredient in so many earlier Disney animated films may lead the purchasers of a home video of the new derivative work to believe that this, too, is a Disney product, unless steps are taken to prevent such a misconception. It may be difficult to do this, but if it's free to copy, there are always disclaimers or other ways that can be used to tell the truth and prevent deception, and that's where good advice comes into play.

II. DASTAR *DISCUSSION*

And now we come to Justice Scalia's recent opinion on section 43(a) of the Lanham Act[16] in *Dastar.* Justice Breyer took no part in the consideration or decision of this case, but there were no dissents or other opinions. We don't have the time in my ensuing discussion to discuss each of the aspects of this decision that I find troubling and unsound. I'll again have to be selective, give you certain of what I see as basic points without

[16] 15 U.S.C. § 1125(a) (2000).

chapter and verse and leave it to you and others to go further. This is not easy stuff, so I hope you'll bear with me.

Dastar did not involve character rights, but its holding — that once a work's copyright protection has expired, there is an absolute right to copy it without any identification of its creative source — will likely be cited by defendants who copy public domain depictions of characters without the authorization of those who own trademark rights relating to such characters.

The case relates to the television series *Crusade in Europe* based upon then-General Eisenhower's 1948 book chronicling the Allied campaign in Europe in World War II. In 1995, defendant Dastar purchased beta cam copies of the original 1949 *Crusade in Europe* television series, which was in the public domain, due to the series copyright owner Fox's failure to renew. Dastar prepared a shortened, rearranged version, containing sufficient revisions and new material to constitute a derivative work.[17] Dastar gave its new version a new title, "World War II Campaigns in Europe," removed references to and images from General Eisenhower's underlying book, which was still in copyright, and created new packaging and substituted a new opening sequence and credits. Dastar's promotion similarly made no reference to the *Crusade* television series, to the book or to the creators of either one, positively emphasizing Dastar as the presenter and its affiliate Entertainment Distributing Production as the author of its new version.

Fox, which had reacquired and possessed the exclusive rights to distribute the original series in home video, sued for both copyright infringement of the book and violation of section 43(a) of the Lanham Act due to Dastar's failure to acknowledge the source for its new video.

The copyright claim for infringement of the underlying literary work which was left pending was not the subject of Justice Scalia's opinion and is not the subject of our examination here.

The Supreme Court granted certiorari to review the Ninth Circuit's grant of summary judgment against Dastar for violation of section 43(a) and related state law, for failing to acknowledge its nearly wholesale reliance on the Crusade television series in preparing its new video.

I believe that the High Court could have reversed the Ninth Circuit on the basis of the existing trademark law rules found in the U.S. Trademark Act and related jurisprudence, because the plaintiffs could not prove any action by Dastar that would cause a likelihood of confusion or any public deception. If the Court had taken this approach, its opinion could have reasoned that even if section 43(a)'s reference to "false designation of origin" could include a failure to identify the author of the original *Cru-*

[17] *Dastar*, 123 S. Ct. at 2044.

sade series, where the copyright law does not require the use of the name of the copyright owner of an underlying work in the copyright notice for a derivative work, and where there is no proof that, upon viewing, various of the same film footage will be recognized as coming from the original series, on the facts of this case, no likelihood for confusion could arise as to the source of Dastar's video.

However, Justice Scalia chose to take on, and then decide, the question of whether the failure to refer to a creative source can *never* constitute "a false designation of origin" under section 43(a). His opinion broadly pronounces that the statutory term "origin" of goods, as a matter of law, is "incapable of connoting the person or entity that originated the ideas or communications that 'goods' embody or contain" in the context of "a communicative product."[18]

In this effort, he made what seems to me to be an unnecessary excursion into the law of copyright, accompanied by several questionable and confused general statements about the nature of copyright and trademark protection.

Justice Scalia rejected the argument that for a communicative product, "origin of goods" must be deemed broad enough to include not merely the producer of the physical item, such as a book publisher, but also the creator of the content that the physical item conveys.[19] This was the crux of his decision. The principal basis for this rejection was his conclusion that this would accord "special treatment to communicative products" and cause the "Lanham Act to *conflict with the law of copyright, which addresses that subject specifically*."[20] In other words, Justice Scalia expressed the belief that in enacting the copyright laws, Congress considered and granted authors not only the exclusive rights provided in section 106 of the statute, but also addressed specifically the subject of what he calls an author's "right of attribution," which it decided, by implication, not to grant (in all of our Copyright Acts since 1790). By posing the issue in terms of an *author's right of attribution*, Justice Scalia avoided mention of the *public's right* not be deceived. In any event, in his view, by not including a right of attribution in the rights granted to authors over the years and now enumerated in section 106 of the Copyright Act,[21] Congress not only decided not to grant such a right (under the current and all of our prior Copyright Acts since 1790), *but also decided that such an attribution right could not be provided for under any other federal or state law.* To hold that section 43(a) of the Lanham Act might render actionable a

[18] *Id.* at 2047.
[19] *Id.* at 2049.
[20] *Id.* at 2048 (emphasis added).
[21] 17 U.S.C. § 106 (2000).

failure to acknowledge an authorship source, would therefore conflict with the copyright law.

Justice Scalia bases this conclusion on the undoubted right of the public under the copyright law to copy from a work once its copyright has expired, holding that such right to copy is the right to do so, in all contexts, without attribution. Upon analysis, this conclusion is really one of preemption — Congress' decision in the Copyright Act to allow copying of a public domain work precludes, or preempts, any right of attribution. In his words, if this were not so, section 43(a) would create "a species of mutant copyright law," giving an author a right Congress never meant to grant.[22]

Justice Scalia's views here can not be supported by the Constitution or copyright statute. First, there is a question of whether the Constitutional empowerment of Congress to provide in copyright legislation exclusive rights for limited times to authors for their "writings" allows Congress to provide an attribution right.[23] But even assuming that providing such a further reward for authorship, for the purpose of stimulating the production of works for the public benefit, is Constitutionally permissible under the copyright law, what evidence do we find that Congress in the copyright statute has considered that possibility and decided (a) not only, *not to do so*, but also (b) *to preclude such a right under any other federal statute* or state law?

In fact, Congress addressed the subject of the preclusive effect of the exclusive rights provided in the 1976 Copyright Act on other federal and state laws, in the statute's preemption provision, section 301.[24] Section 301, notwithstanding the addition of the Visual Artists Rights Act of 1990, known as the "VARA," still states that nothing therein annuls or limits any rights under any other federal statute or under the law of any state with respect to the subject matter of copyright as specified in sections 102 and 103, and established the two pronged subject matter and equivalent rights tests pegged to sections 102, 103 and 106. Furthermore, in explaining section 301, the almost unanimously approved 1976 House and Senate Judiciary Committee Reports stated as follows with respect to state law:

> Section 301 is not intended to preempt common law protection in cases involving activities such as false labeling, fraudulent representation and passing off *even where the subject matter involved comes within the scope of the copyright statute*[25]

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[22] *Dastar*, 123 S. Ct. at 2048.

[23] U.S. CONST. art I, § 8.

[24] 17 U.S.C. § 301 (2000).

[25] H.R. REP. NO. 94-1476 (1976), at 132; S. REP. NO. 94-473 (1975), at 116 (emphasis added).

Justice Scalia's reliance on the VARA's provision in section 106A[26] of a species of attribution right to justify an assertion that the copyright statute precludes attribution right under any other federal or state law is unconvincing for several reasons. First, it is illogical to assert that legislation by the representatives making up one Congress in 1990 establishes the intent of all earlier Congresses since 1790. All of these bodies after its enactment in 1946 were well aware of section 43(a) of the Lanham Act and its case law development.

Second the VARA, as noted in Bill Patry's treatise, is kind of a "self contained provision"[27] not necessarily relating to what we have considered to be the subject matter of copyright protection for 200 years. As Alan Latman noted, "copyright has traditionally concerned itself with the craft of the author, composer and artist," not with attribution rights, one way or the other.[28] The subject matter of copyright is similarly spelled out in section 102 of the 1976 Copyright Act. That Congress placed the VARA in the Copyright Act where it did, simply does not shed any light on the issue of whether the copyright law precludes the existence of an author's attribution right as part of other federal and state laws designed for a different purpose — to protect the public from deceptive and misleading marketing practices.

Finally, as previously noted, the Copyright Act itself as amended in 1990 to include the VARA and the related amendment of section 301, the preemption section, to encompass the VARA makes it clear that the VARA could have no such consequence.

The bottom line is that the Copyright Act does *not* address the subject of whether in copying public domain material, in *some circumstances* there might be an obligation under other federal statutes or state law to avoid deception by the use of proper labeling that might require an attribution of authorship source. Which still leaves us with the questions of why there should not *always be* a right to copy public domain material without such attribution and of how could such a right ever result in a likelihood of confusion?

Before trying to answer these questions, we should note that in many cases there will be no requirement of attribution because the act of copying without attribution will not be misleading. This is true whenever there is no source-indicating significance, or secondary meaning, of the copied material. *Dastar* itself provides a good example. Who, seeing the reorganized war film footage in Dastar's version would be mislead or deceived about its creative source or nature? Another, somewhat different example

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[26] 17 U.S.C. § 106A (2000).

[27] 2 WILLIAM F. PATRY, COPYRIGHT LAW AND PRACTICE 1018 (1994).

[28] WILLIAM F. PATRY, LATMAN'S THE COPYRIGHT LAW 1 (6th ed. 1986).

of copying without attribution that would not mislead, would be a republication of the 1912 public domain story *Tarzan of the Apes* without listing Edgar Rice Burroughs as its author. Who would be misled by that and in what way?

An example of *misleading copying* without attribution would be the reproduction on merchandise of one of the illustrations of the Tarzan character taken from the original published story, or the use of a jungle character that is portrayed with the same series of symbols or indicia of origin of the *Tarzan* character that, through over ninety years of exclusive, continuous and consistent use in commerce by the same company, Edgar Rice Burroughs, Inc., ERB, on or in connection with specified goods and services, has come to indicate that such company has approved or is associated with such products or service, or sufficiently related goods or services? These indicia are: Tarzan's loin cloth, his yell (which is also a registered trademark), his moving about by swinging on vines and his knife signifying his human origin and ancestry. Under well established section 43(a) precedent, including *DC Comics v. Filmation Associates*,[29] such copying is likely to confuse the public that ERB has approved or is affiliated with such goods or services.

Justice Scalia's discussion of what he terms "an attribution right" also comes to the issue from the wrong direction. His opinion only focuses on the public's right to copy without attribution, and poses the countervailing interest solely as that of an author's "right of attribution." This ignores the most fundamental precept and justification for trademark-type protection, namely, to protect the public from deception and confusion in purchasing what they need to live on.

The public is not simply the one member of the public that may wish to copy a public domain work. What about everyone else who makes up the rest of the public? The dual nature of trademark protection that provides other protections and rights for the public is overlooked in *Dastar's* analysis.

Another flaw in *Dastar's* discussion is its conflation or confusion of *copyright owner* with *author*. The issue in *Dastar*, which I believe still came out right, was not whether Fox or someone else should have been credited as authors, for Fox, which became the copyright owner of the original *Crusade* television series, authored nothing, and there was no evidence that any other creators, or their film footage from the *Crusade* series, ever came to be identified to the public as the creative sources thereof. The issue is whether identification of an author should be required — *not* always, and *not* where it may be impossible to do so — but in *some cases* where it might matter and where public deception can be

[29] 486 F. Supp. 1273, 1277 (S.D.N.Y. 1980).

avoided or reduced by such an identification of creative source. The answer is that it should be required, wherever the absence of such identification will lead to public deception or confusion.

* * *

Our free speech rights have been well protected for over 200 years by the First Amendment which has coexisted with, and has informed, our trademark and copyright laws. In short, "They ain't broke and don't need fixin" in the way *Dastar* has attempted.

At the end of the day, there is no evidence to support the assertion that the likelihood of confusion standard, along with the years of trademark and free speech jurisprudence that has now become embedded in our law has been made, by the copyright law, legally inapplicable to the manner in which the authorship of creative works is presented in marketing these kinds of products, whether or not the work is still protected by copyright. These kinds of issues have to be decided case by case on the basis of trademark law principles alone, without regard to the copyright law or any unfounded view about a "mutant copyright law."

PART III

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

PART III

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

United States

U.S. Library of Congress. Copyright Office

Copyright Office Adopts New Official Seal. Federal Register, vol. 68, no. 245, p. 71,171. The Copyright Office adopted a new official seal effective January 1, 2004. The seal is used to authenticate copyright registrations, certifications of documents, and all other official documents. The new seal replaces one that has been in use since January 1, 1978, although this seal will continue to serve as an identifying mark of the Copyright Office. The new Copyright Office seal is circular and consists of a capital letter C in a circle with a stylized representation of an eagle and shield perched on the lower limb of the C. The eagle and the C are depicted on a field of horizontal bands enclosed by the circle. This group is encircled by the words "Seal of the United States Copyright Office" and the date 1870 set in the Zealand Bold type font. For further information and to view the new seal, go to http://www.copyright.gov/fedreg/2003/68fr71171.html

U.S. Library of Congress. Copyright Office

Copyright Office Announces Voluntary Negotiation Period for Rates and Terms for Digital Performance Right in Sound Recordings and Ephemeral Recordings. Federal Register, vol. 69, no. 3, pp. 689-90. The Copyright Office announces the initiation of the voluntary negotiation period for determining reasonable rates and terms for two compulsory licenses for the period beginning January 1, 2005, and ending on December 31, 2006. One compulsory license allows public performances of sound recordings by means of certain digital transmissions in accordance with section 114(a). The other allows the making of an ephemeral recording of a sound recording by certain transmitting organizations in accordance with section 112(a). For further information, see the Federal Register announcement at http://www.copyright.gov/fedreg/2004/69fr689.html.

U.S. Library of Congress. Copyright Office

The Librarian of Congress Accepts CARP Determination. Federal Register, vol. 69, no. 16, pp. 3,606-20. Upon the recommendation of the Register of Copyrights, the Librarian of Congress is accepting in full the determination of the Copyright Arbitration Royalty Panel (CARP) in the Phase I distribution of the 1998 and 1999 cable royalty funds and is announcing the final Phase I distribution of those funds. The full text of the

Librarian's order and the Register's recommendation is available on the Copyright Office Web site at http://www.copyright.gov/fedreg/2004/69fr 3606.html.

U.S. Library of Congress. Copyright Office

Voluntary Negotiation Period for Rates and Terms for Digital Performance Right in Sound Recordings and Ephemeral Recordings Applies to Eligible Nonsubscription Transmissions and Transmissions Made By New Subscription Services. Federal Register, vol. 69, no. 22, p. 5,196. On January 6, 2004, the Copyright Office announced the voluntary negotiation period for adjusting rates and terms for the statutory licenses that provide for the public performance of a sound recording by means of a digital audio transmission (section 114) and the making of related ephemeral recordings (section 112). See 69 FR 689. That notice specifically noted that the negotiations were for establishing rates and terms applicable to eligible nonsubscription transmissions and the related ephemeral recordings. It should have also stated that rates and terms applicable to new subscription services were to be considered as well. Because the January 6 notice did not make this point clear, this second notice has been published to clarify that the above-captioned proceeding shall consider rates and terms for the public performance of a sound recording and the making of the necessary ephemeral phonorecords for both transmission categories. For further information, see the Copyright Office Web site at http://www.copyright.gov/ fedreg/2004/69fr5196.html.

U.S. Library of Congress. Copyright Office

Copyright Office Published List of Eligible CARP Arbitrators. Federal Register, vol. 69, no. 23, p. 5,370. The Copyright Office is publishing the list of arbitrators eligible for service on a Copyright Arbitration Royalty Panel (CARP) during 2004 and 2005. This list will be used to select the arbitrators who will serve on panels initiated in 2004 and 2005 for determining the distribution of royalty fees or the adjustment of royalty rates. For further information, see the Copyright Office Web site at http://www. copyright.gov/fedreg/2004/69fr5370.html.

U.S. Library of Congress. Copyright Office

Copyright Office Announces New Procedure for Hand Deliveries to General Counsel's Office. Federal Register, vol. 69, no. 23, pp. 5,371-72. The Copyright Office is adopting a new policy for delivering documents to the Office of the General Counsel. Effective February 9, 2004, all hand deliveries from private parties for the Copyright Office General Counsel, including all comments in rulemaking proceedings, all filings in a Copyright Arbitration Royalty Panel proceeding, and all litigation-related materials,

must be delivered to the Public Information Office of the Copyright Office. The Public Information Office is located in Room LM-401 on the fourth floor of the James Madison Memorial Building of the Library of Congress, 101 Independence Avenue, S.E., Washington, D.C., near the Capitol South Metro stop. The office is open Monday - Friday, 8:30 a.m. to 5:00 p.m., except federal holidays. For further information, see the Copyright Office Web site at http://www.copyright.gov/fedreg/2004/69fr5371.html.

U.S. Library of Congress. Copyright Office

37 C.F.R. Parts 262 and 263. Copyright Office Announces Final Regulations Setting Rates and Terms for Section 112(e) and Section 114 Licenses. Federal Register, vol. 69, no. 25, pp. 5,693-702. The Copyright Office of the Library of Congress announces final regulations that set rates and terms for the section 112(e) and section 114 licenses. The rates and terms apply to the public performance of a sound recording by means of certain eligible nonsubscription transmissions and digital transmissions made by a new type of subscription service. The final rules also announce rates and terms for the making of related ephemeral recordings. The rates and terms are for the 2003 and 2004 license period, except in the case of new subscription services, in which case the license period runs from 1998 through 2004. For further information, see the Copyright Office Web site at http://www.copyright.gov/fedreg/2004/69fr5693.html.

U.S. Library of Congress. Copyright Office

Congressional Courier Acceptance Site (CCAS) Reopened. The Congressional Courier Acceptance Site (CCAS) at 2nd and D Streets, N.E., Washington, D.C., has reopened and is accepting and screening courier deliveries again.

U.S. Library of Congress. Copyright Office

37 C.F.R. Part 205. Office Proposes Rules Governing Service of Process, Production of Office Documents, and Testimony of Employees. Federal Register, vol. 69, no. 35, pp. 8120-26. The Copyright Office is proposing adoption of rules governing service of process on the Copyright Office, the Register of Copyrights, or an employee of the Copyright Office acting in official capacity. The rules would also govern production of Office documents and testimony of Office employees in legal proceedings. Comments had to be received by March 24, 2004.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

37 C.F.R. Part 202. Office Amends "Best Edition" Requirements for Motion Pictures. Federal Register, vol. 69, no. 38, pp. 8,821-22. To account for recent technological developments and to make editorial changes clarifying requirements, the Copyright Office is amending the "best edition" requirements for deposits of published motion pictures. The Copyright Office is publishing this amendment as a final rule. However, the public may submit written comments by no later than March 29, 2004. The rule will take effect on April 26, 2004, unless the Office receives adverse substantive comments and publishes a notice withdrawing the rule before that date. For further information, go to the Copyright Office Web site at http://www.copyright.gov/fedreg/2004/69fr8821.html.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

37 C.F.R. Part 262. Office Corrects Error in Final Rule. Federal Register, vol. 69, no. 38, pp. 8,822. The Copyright Office is correcting an error contained in the definition section of the final rule published on February 6, 2004, that set rates and terms for the section 112(e) and section 114 licenses (69 FR 5693). The rates and terms apply to the public performance of a sound recording by means of certain eligible nonsubscription transmissions and digital transmissions made by a new type of subscription service. An error appeared in the definition of the term "Aggregate Tuning Hours," and pertains to the example illustrating the calculation of Aggregate Tuning Hours. The correct phase "If three minutes" was changed to "If 30 minutes" in the printing process. This document corrects that error. For further information, go to the Copyright Office Web site at http://www.copyright.gov/fedreg/2004/69fr8822.html.

PART IV

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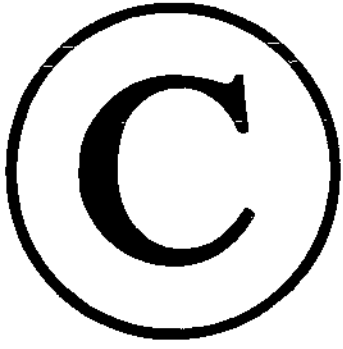
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FROM THE DESK OF THE EDITOR-IN-CHIEF

Volume 51, Issue Three begins with the National Prize winners of the 2003 Nathan Burkan Memorial Copyright Competition. Beginning in 2003, and continuing on an annual basis, the Copyright Society of the U.S.A. agreed to judge the Burkan Competition's national awards. (Judging is by the *Journal's* Editorial Board, and the decision to publish any of the three national prize winners is solely at the *Journal's* discretion.) The *Journal* is proud to publish the three national prize winners in the 2003 Nathan Burkan Memorial Copyright Competition. First Prize was awarded to Matthew S. DelNero of Harvard Law School for his paper *Long Overdue? An Exploration of the Status and Merit of a General Public Performance Right in Sound Recordings.* Second Prize was awarded to David McPhie of Harvard Law School for his paper, *Access Made Accessible, Shaping the Laws and Technologies That Protect Creative Works.* Third Prize was awarded to Chris Johnstone of the University of Southern California Law School for his paper, *Underground Appeal: A Sample of the Chronic Questions in Copyright Law Pertaining to the Transformative Use of Digital Music in a Civil Society.*

Part II begins with an article by Eric P. Bergner and Katherine R. Schaefer, *The Copyright Statute of Limitations Gets a Make-Over.* The authors state that "Among the most important questions lawyers must be able to answer with certainty is how long their clients have to assert legal claims or, its counterpart, how long their clients may be subject to such claims." The article focuses on *Carell v. Schubert Organization* which decision the authors claim "threatens the certainty and repose provided by statutes of limitations at least with regards to copyrights, a certainty essential to the smooth functioning of the legal system."

Xiaoqing Feng, Lihua Yang and Frank Xianfeng Huang have provided unique insight into the development of copyright law in China in *Awakening of a Sleeping Dragon: The Evolution of Copyright Conception in China.* The authors state that "While it is common knowledge that printing technology was first invented in China, the conception of copyright in Chinese societies was historically rudimentary." The authors' article solves "this Puzzle through exploring the evolution of copyright conception in China." The article traces literary works in China beginning with 771 B.C. to Chinese copyright in present time.

Half a globe away, we come to Brazil and an article by Attilio Gorini and Rodrigo Borges Carneiro, *How Come We Are Not Covered? Understanding the Rules Regarding Assignment of Copyrights and Related Rights in Brazil Before Making the Deal.* The authors caution "The distinct rules of protection to copyright and related rights in civil law countries demand knowledge, by a common law country practitioner, of radically different laws and specially of limitations which may make the otherwise smooth and standard procedure of assignment of rights become an actual nightmare." The authors have taken "a 'hands-on' approach to the article . . . with several tips and walk throughs based on actual negotiations and court actions in Brazil."

In Part III, *Copyright Corner* is occupied this time by I. Fred Koenigsberg. His well-known wit and incisive analysis shine through in the Fifth Annual Christopher A. Meyer Memorial Lecture, *Humpty Dumpty in Copyrightland.*

Issue Three concludes 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: beardj@stjohns.edu.

Joseph J. Beard
Editor-in-Chief

PART I

NATHAN BURKAN MEMORIAL COMPETITION— PRIZE-WINNING PAPERS

LONG OVERDUE? AN EXPLORATION OF THE STATUS AND MERIT OF A GENERAL PUBLIC PERFORMANCE RIGHT IN SOUND RECORDINGS*

by MATTHEW S. DELNERO**

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*Subsequent to its entry in the 2003 Nathan Burkan Memorial Competition, this paper was published in Volume 6 of the *Vanderbilt Journal of Entertainment Law & Practice*.

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I. INTRODUCTION

"[T]hey are getting nothing for their work."[1] When U.S. Representative William I. Sirovich (R-NY) uttered these words in 1932, he decried the situation of musical performers who, under United States copyright law, were not afforded direct compensation for the public performance of sound recordings that they created. If Rep. Sirovich were alive today, he might express a similar reaction, as there has been little legislative progress in securing direct remuneration to performers and record companies in exchange for broadcasters' public performance of sound recordings.

To illustrate the absence of a general performance right in sound recordings, consider Frank Sinatra's rendition of *Come Fly With Me*, written by Jimmy Van Heusen and Sammy Cahn.[2] Under the Copyright Act, Van Heusen and Cahn are authors of the "musical work," and are entitled to a royalty each time the song is performed publicly.[3] ("Public performance" is defined broadly, including performances, whether live or recorded, in a bar or hotel lounge, on TV, over FM or AM radio, and so on.) Under U.S. copyright law, neither Sinatra, the performer of the sound recording, nor Capitol Records, his record label, is entitled to a royalty for the public broadcast of the *Come Fly With Me* recording, unless it is performed digitally over the Internet or on satellite radio.[4] Additionally, neither Sinatra nor Capitol receives a royalty for the recording's broadcast in one of the many countries that does grant full performance rights; such jurisdictions condition the right on reciprocal legal treatment by the performers' and copyright owners' home country.[5]

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[1] *Hearings Before the House Comm. on Patents on General Revision of Copyright Law*, 72d Cong. (1932).

[2] FRANK SINATRA, *Come Fly With Me*, *on* COME FLY WITH ME (Capitol Records 1958).

[3] 17 U.S.C.A. § 106(4) (West Supp. 2003).

[4] 17 U.S.C.A. §§ 106(6), 114(a) (West Supp. 2003). Capitol does, however, have a more limited reproduction right in the sound recording itself.

[5] *See generally* Steven Fraser, *The Copyright Battle: Emerging International Rules and Roadblocks on The Global Information Infrastructure*, 15 J. MARSHALL J. COMPUTER & INFO. L. 759, 770 (1997).

The canon of legal scholarship on this subject is quite broad, with numerous observers having addressed the lack of a general public performance right in sound recordings.[6] Most do so from a decidedly opinionated point of view, denouncing the right's absence as "illogical,"[7] a "failure,"[8] and an "economic injustice,"[9] while referring to adoption of a general performance right as "long overdue."[10] There is no known piece of domestic legal scholarship defending the status quo.

This battle has extended beyond the halls of academia. Since 1926, over twenty-five bills seeking to grant a full public performance right in sound recordings have been presented, without success, in the U.S. Congress.[11] Some observers, however, hail the 1995 adoption of a digital performance right in sound recordings as a significant advancement for sound

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6 A search for scholarly work regarding the U.S.'s lack of a general public performance right in sound recordings reveals the following articles from the last ten years alone: Jonathan Franklin, *Pay to Play: Enacting a Performance Right in Sound Recordings in the Age of Digital Audio Broadcasting*, 10 U. MIAMI ENT. & SPORTS L. REV. 83 (1993); William H. O'Dowd, *The Need for a Public Performance Right in Sound Recordings*, 31 HARV. J. LEGIS. 249 (1994); Rebecca F. Martin, *The Digital Performance Right in the Sound Recordings Act of 1995: Can It Protect U.S. Sound Recording Copyright Owners in a Global Market*, 14 CARDOZO ARTS & ENT. L.J. 733 (1996); Jeffrey A. Abrahamson, *Tuning Up for a New Musical Age: Sound Recording Copyright Protection in a Digital Environment*, 25 AIPLA Q.J. 181 (1997); John R. Kettle III, *Dancing to the Beat of a Different Drummer: Global Harmonization — And the Need for Congress to Get in Step with a Full Public Performance Right for Sound Recordings*, 12 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 1041 (2002). *See also* Fraser, *supra* note 5.

7 Kettle, *supra* note 6, at 1042.

8 O'Dowd, *supra* note 6, at 249.

9 Kettle, *supra* note 6, at 1048.

10 Steven J. D'Onofrio, *In Support of Performance Rights in Sound Recordings*, 29 UCLA L. REV. 168, 170 (1982).

11 *See, e.g.*, H.R. 1805, 97th Cong. (1981); H.R. 997, 96th Cong. (1979); H.R. 6063, 95th Cong. (1977); H.R. 8015, 94th Cong. (1975); H.R. 7750, 94th Cong. (1975); H.R. 7059, 94th Cong. (1975); H.R. 5845, 94th Cong. (1975); S. 1111, 94th Cong. (1975); H.R. 14,636, 93d Cong. (1974); H.R. 15,522, 93d Cong. (1974); H.R. 14,922, 93d Cong. (1974); H.R. 8186, 93d Cong. (1974); S. 1361, 93d Cong. (1973); S. 644, 92d Cong. (1971); S. 543, Amdt. No. 9, 91st Cong. (1969); S. 597, Amdt. No. 131, 90th Cong. (1967); H.R. 2464, 82d Cong. (1951); H.R. 1270, 80th Cong. (1947); S. 1206, 79th Cong. (1945); H.R. 3190, 79th Cong. (1945); H.R. 1570, 78th Cong. (1943); H.R. 9703, 76th Cong. (1940); H.R. 7173, 77th Cong. (1942); H.R. 4871, 76th Cong. (1939); S. 2240, 75th Cong. (1937); H.R. 52,745, 75th Cong. (1937); H.R. 11,420, 74th Cong. (1936); H.R. 10,632, 74th Cong. (1936); H.R. 10,976, 72d Cong. (1932); H.R. 10,740, 72d Cong. (1932); H.R. 10,364, 72nd Cong. (1932); H.R. 12,549, 71st Cong. (1930); H.R. 10,434, 69th Cong. (1926).

recording copyright owners and artists.[12] Nevertheless, as recently as 2002, a legal scholar made a spirited call for a "full" or "general" public performance right in sound recordings.[13]

Rather than approaching the issue from a position of advocacy, this article explores the status and merit of a full sound recording performance royalty. It does so by focusing on the positions of the three leading stakeholders in the debate: record labels, recording artists, and radio broadcasters. First, in Part II, it describes the current state of the public performance right in the United States, concluding that regardless of legislative enactments in the mid- and late-1990s, there has been no significant net gain in performance rights for owners of sound recording copyrights. With that background in place, the article explores in Part III the possibility that the right's nonexistence is due to a lack of merit in the right itself. It concludes that arguments advanced by supporters of the right are not as strong as their exuberance suggests and that actions taken by the recording industry during the digital performance debates of the 1990s give the broadcasting industry a reasonable basis for maintaining opposition to a full performance right. Thus, despite the seeming inequities of the current situation, broadcasters' economic self-interest is found not to be solely responsible for stifling the development of a general performance right in sound recordings. Nonetheless, under the current legal framework, the balance is likely tipped in radio broadcasters' favor; therefore, some realignment is called for. Hoping to spawn further discussion of an even-handed solution to this nearly century-old debate, the article concludes in Part IV by outlining the possible contours of a new performance right in sound recordings.

II. WHAT IS THE STATE OF THE PUBLIC PERFORMANCE RIGHT IN 2004?

Before exploring the merits of suggested changes to U.S. law regarding the public performance right in sound recordings, it is necessary to detail the current state of relevant music copyright law. This investigation is particularly important considering two related developments in the 1990s that, by some accounts, represent an advancement towards securing a general public performance right in sound recordings. The discussion

[12] *This Week's News*, AUDIO WEEK, Nov. 6, 1995 (quoting an RIAA spokesperson as calling enactment of the Digital Performance Rights Act a "landmark" development).

[13] *See* Kettle, *supra* note 6. In his article, Prof. Kettle concludes, "[I]t has taken almost a century for Congress to recognize a public performance right in sound recordings, albeit partial. Congress should now work diligently to make up for lost time and lost opportunity, and adopt the full public performance right for recorded music." *Id.* at 1088.

begins by exploring the two basic interests in a recorded piece of music: the musical composition and the sound recording.

A. Musical Compositions

Within its definition of the subject matter of copyright, the U.S. Copyright Act includes "musical works," also known as "musical compositions."[14] The author of a musical composition is the songwriter, who often transfers his rights in a work to a music publisher in exchange for a percentage of royalties derived from the use of that work.[15] As owner of the copyright, the publisher may then authorize the reproduction, distribution, adaptation, and public performance of the musical work.[16] Although not directly a topic of this article, it is important to understand the structure of the musical composition copyright, as it has long included a general right of public performance. The structure and operation of the musical composition copyright have served as reference points for advocates seeking to expand the same public performance right to copyright owners and performers of sound recordings.

1. Limited Rights of Reproduction and Distribution

Composers typically make their living by having their works recorded and brought to the public by one or more performers.[17] When an artist wishes to make a recording of a musical work which she did not compose and for which she does not hold the copyright, the composition owner's rights of reproduction and distribution are implicated.[18] That is, by recording and selling a compact disc (or, in the words of the Copyright Act, a "phonorecord"),[19] the recording artist is both reproducing the musical work in a fixed medium and distributing that work to the public.

At one point in time, most musical compositions were distributed and reproduced via the printing and sale of sheet music.[20] Such was the case until the 1880s, when the first popular means of "recording" a song

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14 17 U.S.C. § 102(2)(a)(2) (2000).

15 139 CONG. REC. E1724 (daily ed. July 1, 1993) (Material in Extension of Remarks, Digital Performance Right in Sound Recordings Act of 1993, Hon. William J. Hughes).

16 17 U.S.C. § 106(1)–(3) (2000).

17 *See, e.g.*, DONALD S. PASSMAN, ALL YOU NEED TO KNOW ABOUT THE MUSIC BUSINESS 257-72 (Simon & Schuster 2000) (1991).

18 17 U.S.C. § 106(1), (3) (2000). It is also possible to trigger the musical composition copyright owner's exclusive right to produce a derivative work. *Id.* § 106(2).

19 17 U.S.C.A. § 101 (West Supp. 2003).

20 JAY ALTHOUSE, COPYRIGHT: THE COMPLETE GUIDE FOR MUSIC EDUCATORS 61 (1997).

emerged with the invention of the player piano and piano rolls.[21] Responding to widespread public demand, music publishers began granting licenses for the reproduction of their songs on piano rolls.[22] Manufacturers of piano rolls recognized the economic benefit of purchasing such licenses on an exclusive basis, and by the first decade of the next century, the Aeolian Piano Roll Company had nearly monopolized that market.[23] The free exercise of the reproduction right by one powerful industry, the music publishers, and the accumulation of those rights by another powerful actor, the Aeolian Company, threatened to upset the developing market for recorded music.[24]

Emerging as the "most controversial issue"[25] of the 1909 Copyright Act, the Aeolian Company's growing market share and the collusion of music publishers forced Congress to seek a delicate balance that would honor music publishers' freedom of contract "without establishing a great music monopoly."[26] With this task in mind, Congress adopted what is known as a "mechanical" or "statutory" license for certain uses of musical compositions. Although the musical composition owner may choose to prohibit any mechanical reproduction of his work, once he has authorized the first recording for public distribution, the statute requires him to grant a license "upon request to any other person who proposes to make and distribute phonorecords of the work, at a royalty rate set by law."[27] In other words, once a composer allows one artist to record the song, he must allow any artist to record it. The composer then earns a mechanical or statutory royalty for every recording that is sold. Record companies and composers do not individually negotiate this licensing rate. Instead, the Copyright Royalty Tribunal, an independent agency created by Congress,

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21 *Id.*

22 *Id.*

23 *Id.* at 62.

24 Note that in 1908, the Supreme Court issued its now-infamous decision in *White-Smith Music Publishing Co. v. Apollo Co.*, nearly obliterating the emerging licensing market for the embodiment of musical compositions in piano rolls. Finding the rolls to not be "copies" of their underlying musical works, the Court focused on the fact that the perforated rolls did not depict the composition in a form of "intelligible notation" to the human eye. Thus, musical compositions in piano rolls were taken (briefly) out of the realm of copyright protection. The Court recognized that its decision may have enabled manufacturers of the rolls to "enjoy the use of musical compositions for which they pay no value." It directed such concerns, however, to "the legislative, and not the judicial, branch of the government." White-Smith Music Publ'g Co. v. Apollo Co., 209 U.S. 1, 17-18 (1908).

25 H.R. REP. No. 94-1476, at 108 (1976).

26 *Id.*

27 Recording Indus. Ass'n of Am. v. Copyright Royalty Tribunal, 662 F.2d 1 (D.C. Cir. 1981) (citing 17 U.S.C. § 115 (1976)).

was charged with the task of periodically revising the statutory mechanical rate.[28]

In recent years, annual mechanical royalty payments to composers and publishers have totaled nearly $700 million.[29] While the mechanism for distributing mechanical license royalties can be complex,[30] its importance here is to highlight Congress's ability to alleviate concerns of one industry's potentially dominating use of a particular exclusive right. Note that Congress chose a moderate solution, rejecting calls to refuse the right of mechanical reproduction altogether as well as those advocating a right without limits. It did so by limiting an otherwise exclusive right via a statutory license and was able to further ensure equitable remuneration and harmony through use of an independent royalty tribunal.

2. Exclusive Rights of Public Performance

The owner of the copyright in a musical work (i.e., composer or publisher) has exclusive control over the right to "perform the copyrighted work publicly."[31] The definition of "public performance"[32] is broad, cov-

[28] As compensation, Congress set a rate of two cents per "part" (record) produced, and the rate remained at that level until 1976. To correct the absurdity of the rate stagnancy, Congress in the 1976 Copyright Act increased the rate and established the Copyright Royalty Tribunal. *See* 17 U.S.C. § 801 (1976). (The Copyright Royalty Tribunal was abolished in 1993 and was replaced by Copyright Arbitration Panels.) Although the 1976 Act only increased the rate to 2.75 cents per song, future adjustments were to be made as appropriate. *See* Pub. L. No. 94-553, title I, § 101, 90 Stat. 2561, 2594 (formerly codified at 17 U.S.C. §§ 115(c)(2), 801(b)). Effective January 1, 2004, the mechanical license rate is set at 8.5 cents per song, or 1.65 cents per minute of playing time or fraction thereof, whichever is greater. Copyright Office, Copyright Royalty Rates: Section 115, The Mechanical License, *available at* http://www.copyright.gov/carp/m200a.html (Jan. 8, 2003). This figure was determined in 1997, at a proceeding in which representatives of the Recording Industry Association of America (RIAA), National Music Publishers' Association (NMPA), and Songwriters Guild of America participated. *See* Irv Lichtman, *Mechanicals Talks on Track; Parties Nearer Agreement on New Rate*, BILLBOARD, Apr. 12, 1997, at 3.

[29] Drew Clark, *A Battle Over Internet Royalties*, NAT'L J., Dec. 14, 2002, *available at* 2002 WL 26794600 (quoting a figure of $691 million in mechanical royalties in 2001).

[30] Note that the Harry Fox Agency (HFA) administers most of the mechanical license uses in the U.S. It is a wholly owned subsidiary of the NMPA, which represents over 800 music publishers. After collecting mechanical royalties from record labels and/or artists, HFA then distributes the payments to its musical composition-copyright owner members. *See* Harry Fox Agency, HFA's Frequently Asked Questions, *at* http://www.nmpa.org/hfa/faq_mechanical.html (last visited Feb. 22, 2004).

[31] *See* BRUCE P. KELLER & JEFFREY P. CUNARD, COPYRIGHT LAW: A PRACTITIONER'S GUIDE § 4:1.4 (2001) (citing 17 U.S.C. § 106(4) (1996)).

ering live performances, as well as broadcast by radio, television, Internet, satellite, and in any place "open to the public."[33] As a result, the right of public performance is "one of the most significant sources of income from a musical composition,"[34] with radio broadcasting providing the greatest single source of performance revenue to songwriters.[35]

The public performance right has its origins in nineteenth century Europe, where it was applied to operettas and other dramatic works.[36] Before the right's adoption in the United States, several competing productions of a popular play typically ran concurrently.[37] These rogue productions, of course, eroded the profitability of any authorized production.[38] By failing to prevent the unauthorized public performances of musical works, the U.S. lagged behind its European counterparts for many years. As a result, the development of musical works in the U.S. suffered serious ramifications. As one author has explained:

> [W]hen Britain's Gilbert and Sullivan exported productions of their popular operettas to the United States, American producers purchased quantities of opening night seats for stenographers who transcribed the dialog. With a legally purchased copy of the musical score and a transcribed dialog, a producer could have his own production of a Gilbert and Sullivan show on stage within weeks — and without any payment to Gilbert and Sullivan.[39]

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[32] 17 U.S.C.A. § 101 (West Supp. 2003). *See also* ASCAP, About ASCAP Licensing, *at* http://www.ascap.com/licensing/about.html (last visited Feb. 22, 2004).

[33] As ASCAP describes on its website, "[I]n the U.S., the primary types of music use which generate performance royalties are feature performances (a visual vocal or visual instrumental on TV, a radio performance of a song, etc.), underscore on television series, specials, movies of the week and feature films, theme songs to TV series, TV logos and promos, advertising jingles, and copyrighted arrangements of public-domain compositions." ASCAP, Music and Money: Performing rights payments, *at* http://www.ascap.org/musicbiz/money-payments.html (last visited Feb. 23, 2004) [hereinafter ASCAP, Music and Money].

[34] Kettle, *supra* note 6, at 1046 (citing *Copyright Protection on the Internet: Hearing on H.R. 2441 Before the House Comm. on the Judiciary*, 104th Cong. (1996) (testimony of Francis W. Preston, President & CEO of Broadcast Music, Inc.).

[35] *See* Frank Saxe, *Navigating Digital World Requires New Maps*, BILLBOARD, May 26, 2001, at 1 (quoting payments of broadcasters to ASCAP and BMI of approximately $300 million per year).

[36] ALTHOUSE, *supra* note 20, at 71.

[37] *Id.*

[38] *Id.*

[39] *Id.* at 72.

In 1897, the U.S. finally granted the right of public performance for literary works, including musical compositions.[40] It is interesting to note that owners of sheet music did not initially exercise the right, as they believed that the public performance of their works promoted sales of sheet music.[41]

The prevailing view among composers and publishers soon changed, and they desired to exercise the new performance right assiduously. They faced a problem, however, in that the right is, of course, not self-enforcing.[42] In 1914, recognizing the practical improbability of individual copyright owners engaging in direct negotiation with multiple users of their works,[43] "composers of every kind and condition of music and every big music publishing concern" met to form the American Society of Composers, Authors and Publishers (ASCAP).[44] ASCAP "intended to prevent the playing of all copyrighted music at any public function unless a royalty was paid."[45] In 1939, a similar performing rights organization (PRO), Broadcast Music, Inc. (BMI) was formed.[46] A third and much smaller PRO, SESAC, Inc., initially focused on gospel music but has since expanded its repertoire.[47]

By all accounts, the advent of the PRO concept has been a success, with current royalty collection estimates at over $1 billion per year.[48] Virtually "every domestic copyrighted composition"[49] may be found in the ASCAP and BMI repertories, with "billions"[50] of performances authorized each year. The two organizations, through their efficient policing of radio and television broadcasts, collect over 99% of domestic public performance

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[40] Act of Jan. 6, 1897, ch. 4, 29 Stat. 481. *See also* RUSSELL SANJEK & DAVID SANJEK, PENNIES FROM HEAVEN xv (1996) (explaining that the 1897 revision of the Copyright Act "added the words '*and musical*' to the statute enacted in 1856 extending protection to dramatists against unlicensed public performance of their work. This change specifically covered the kind of dramatic performances — operas, farces, extravaganzas, and other forms of musical theater — popular in the period.") (emphasis in original).

[41] ALTHOUSE, *supra* note 20, at 71.

[42] *See* Broad. Music, Inc. v. Columbia Broad. Sys., Inc., 441 U.S. 1, 4 (1979).

[43] *Id.*

[44] SANJEK & SANJEK, *supra* note 40, at xv (citing *Trust for Control of Music Business: American Society of Authors, Composers, and Publishers Organized at Meeting Here*, N.Y. TIMES, Feb. 14, 1914, at 1.

[45] *Id.*

[46] *Broadcast Music, Inc.*, 441 U.S. at 5.

[47] Edward Morris, *SESAC Plots a Competitive Course: Group to Base Payments on BDS Data*, BILLBOARD, Oct. 30, 1993, at 9.

[48] ASCAP, Music and Money, *supra* note 33.

[49] *Broadcast Music, Inc.*, 441 U.S. at 5.

[50] ASCAP, Music and Money, *supra* note 33.

royalties for musical works.[51] There is little doubt that the PROs play an integral role in securing valuable public performance royalties for owners of copyrights in musical compositions. By all accounts, the system has been "remarkably successful."[52]

In terms of the licensing system, music users such as radio stations will typically negotiate a blanket license with one of the PROs.[53] This license allows users "the right to perform any and all of the compositions owned by the members or affiliates as often as the licensees desire for a stated term."[54] For most large users, fees for the blanket license are based on a percentage of the organization's total revenues.[55] For example, during the years 1996–2000, ASCAP negotiated with broadcasters a rate of 1.615% for stations having annual gross revenue over $150,000.[56] Generally, this fee amounts to 3.5% of radio broadcaster revenue.[57] Fees are then distributed to the PRO's member-composers. Although the system for determining individual distributions can be complex,[58] it is helpful to note the guiding principle that "royalty distributions made to members for performances in each licensed medium should reflect the license fees paid by or attributable to users in that medium."[59]

Faced with the rising importance of the PRO in the 1940s, licensees expressed concern about their bargaining power vis-à-vis ASCAP (and later BMI). To address potential antitrust concerns, the U.S. Department of Justice entered into consent decrees with both of the leading PROs.[60] Although one could write a rather lengthy analysis of the consent decrees, for purposes of this discussion, the most pertinent factor is the designation

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51 ALTHOUSE, *supra* note 20, at 80.

52 *See* William Fisher, Promises to Keep: Technology, Law, and the Future of Entertainment ch. 2, p.19 (Mar. 2, 2003) (work in progress) (on file with the author) [hereinafter Fisher, Promises to Keep].

53 *See, e.g.*, CHARLES D. FERRIS & FRANK W. LLOYD, TELECOMMUNICATIONS REGULATION: CABLE, BROADCASTING, SATELLITE AND THE INTERNET § 7 (2002).

54 *Broadcast Music, Inc.*, 441 U.S. at 5.

55 *Id.*

56 ASCAP, Frequently Asked Questions About Licensing, *at* http://www.ascap.com/licensing/radio/radiofaq.html (last visited Feb. 23, 2004).

57 Clark, *supra* note 29.

58 ALTHOUSE, *supra* note 20, at 81. On the subject of royalty distributions, Althouse writes, "[T]oday it takes a small army of economists, mathematicians, consultants, and judges armed with computers, diaries, logs, and regional issues of *TV Guide*." *Id.*

59 ASCAP, ASCAP DISTRIBUTION RESOURCE DOCUMENTS 1 (2002).

60 United States v. Am. Soc'y of Composers, Authors & Publishers, 1940–43 Trade Cases (CCH) ¶ 56,104 (S.D.N.Y. 1941); United States v. Broad. Music, Inc., 1966 Trade Cases (CCH) ¶ 71,941 (S.D.N.Y. 1966). For more information on the development of the rate court consent decrees, see FERRIS & LLOYD, *supra* note 53, at § 7.

of "rate courts" to adjudicate disputes over rates to be charged for use of works in the PRO repertories. Basically, if the user and PRO cannot agree on a "reasonable rate," the user may appeal for a determination by the rate court, and if the PRO is unable to establish that the fee it requested is reasonable then the rate court "shall determine a reasonable fee based upon all the evidence."[61]

In considering the administration of public performance rights in musical compositions, it is helpful to draw a comparison to the mechanical license system limiting the reproduction and distribution rights in the same medium. As discussed earlier in Part II.A.1, Congress created that limitation on an otherwise exclusive right to control the potentially abusive practices of large stakeholders. With the public performance right, observers were wary of similar power on the part of the two major collective licensors. Faced with a structure that could have enabled anticompetitive practices by the PROs, the antitrust authorities crafted a public performance copyright system that balances the need of music users for access to a vast repertoire with the interest of composers and publishers in receiving adequate compensation. A common theme in the governmental responses to the reproduction, distribution, and public performance markets for musical compositions is a regulatory compromise that does not, on its face, favor one stakeholder over others. As will be discussed in Part III.B.2.b, the recording industry, in calling for a general public performance right in sound recordings, appears willing to ignore this important balancing lesson from the musical composition arena. And radio broadcasters have been similarly inflexible by continuing to advocate that there be *no* significant performance right in sound recordings.

B. Sound Recordings

The Copyright Act does not afford owners of sound recording copyrights the same level of protection that it grants to owners of musical works. Nevertheless, despite voluminous criticism in the academic literature regarding this disparity, it is important to note that owners of sound recording copyrights do receive significant protection under U.S. copyright law. Specifically, they are entitled to rights of distribution and reproduction, a limited adaptation right, and the right of public performance by digital means.[62]

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[61] United States v. Am. Soc'y of Authors, Composers & Publishers, Civ. Action No. 41-1395, at 13 (S.D.N.Y. June 11, 2001) (Second Amended Final Judgment).

[62] Martin, *supra* note 6, at 737; 17 U.S.C. § 106(1)–(3) (2000); 17 U.S.C.A. § 106(6) (West Supp. 2003).

1. Exclusive Right of Reproduction

Of pivotal importance to the American recording industry, the reproduction right held by sound recording copyright owners is relatively young when compared to the nearly 200 year-old reproduction right enjoyed by copyright owners of musical compositions.[63] Recording industry supporters fought a long and hard legislative battle to obtain the exclusive right of reproduction in sound recordings, culminating in a 1971 amendment to the Copyright Act.[64]

In extending reproduction protection to sound recording copyright owners, Congress cited the "widespread" growth of record piracy, estimated at the time to be costing the industry at a level equal to 25% of the value of all legitimate sales.[65] Congress decried the availability of unauthorized cassettes "in gasoline stations, truck stops, highway rest areas, convenience stores, and other outlets that had never carried legitimately recorded music."[66] Recognizing the inequity of the sound recording owners' position compared to that of the music publishers, the accompanying House report to the 1971 Amendment complained that "there is no Federal remedy currently available to combat the unauthorized reproduction of [a] recording."[67] Therefore, to protect record companies' "principal source of revenue" against significant erosion, Congress adopted the exclusive right of reproduction in sound recordings.[68]

Indeed, of the exclusive rights currently vested in sound recordings, the most valuable is the right to control the reproduction of a sound recording. The sale of sound recordings amassed an estimated $11.55 billion for the recording industry in 2002 alone.[69] Through a process known as "synchronization,"[70] additional revenues are generated whenever a sound recording is reproduced in conjunction with an audiovisual presentation,

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[63] Congress extended copyright protection to composers of musical works in 1831. *See* ALTHOUSE, *supra* note 20, at 23.

[64] Act of Oct. 15, 1971, Pub. L. No. 92-140, 85 Stat. 391 (1971).

[65] H.R. REP. NO. 92-487, at 1568 (1971). Record piracy refers generally to the illegal duplication and distribution of sound recordings. *See, e.g.*, RIAA, Piracy, *at* http://www.riaa.com/issues/piracy/default.asp (last visited Feb. 23, 2004).

[66] SANJEK & SANJEK, *supra* note 40, at 564.

[67] *Id.*

[68] Copyright Arbitration Royalty Panel, Library of Congress, In the Matter of Digital Performance Right in Sound Recordings and Ephemeral Recordings, Docket No. 2000-9 CARP DTRA 1&2, at 8 (2000) (testimony of William W. Fisher III) [hereinafter Fisher testimony].

[69] Recording Industry Association of America, 2002 Yearend Statistics, *available at* http://www.riaa.com/news/marketingdata/pdf/year_end_2002.pdf (last visited Feb. 23, 2004).

[70] KELLER & CUNARD, *supra* note 31, at § 10:4.2.

as is often the case in a movie or television show. In opposing a general performance right, radio broadcasters have pointed to this large volume of American sound recording sales and the income it produces.

2. *Longstanding Absence of a General Public Performance Right*

Despite Congress's enthusiastic support for an uninhibited and exclusive *reproduction* right in sound recordings, the accompanying House Report to the reproduction Amendment was dismissive of calls for a *performance* right in those same sound recordings.[71] In the 1976 Copyright Act, Congress reaffirmed this decision, specifying in section 114(a) that "[t]he exclusive rights of the owner of copyright in a sound recording . . . do not include any right of performance under section 106(4)."[72] Thus, sound recordings were not to gain the general right of public performance enjoyed by owners of musical compositions since 1897.[73]

For over fifteen years after enactment of section 114(a), the domestic recording industry made no official effort to obtain a performance right in sound recordings.[74] Then, after launching a vigorous legislative effort in 1993, sound recording copyright owners seemed to have a reason to celebrate when Congress passed the Digital Performance Rights in Sound Recordings Act (DPRA) in 1995.[75] The Act granted an exclusive right of public performance for digital broadcasts transmitted by interactive services, defined as those enabling "a member of the public to receive, on request, a transmission of a particular sound recording."[76] Also, it created a right of remuneration for digital performances transmitted by noninteractive subscription services, but limited that right by granting broadcasters of such services the right to a new compulsory license.[77] Subject to the same compulsory license, the digital performance right was expanded to include noninteractive nonsubscription services when Congress passed the Digital Millennium Copyright Act (DMCA) in 1998.[78]

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71 H.R. REP. No. 92-487, at 1568 (1971).

72 17 U.S.C.A. § 114(a) (West Supp. 2003).

73 S. REP. No. 94-1058 (1976). *See also infra*, note 40 and accompanying text.

74 Bill Holland, *Music Business Urges Congress to Adapt Performance Right*, BILLBOARD, Apr. 3, 1993, at 6 ("For the first time in 12 years, the U.S. record industry officially asked Congress March 25 to create a performance right in sound recordings, saying near-future digital delivery systems could severely hurt the industry unless there are [new] copyright safeguards.")

75 Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-39, 109 Stat. 336.

76 *Id.*

77 *Id.*

78 Digital Millennium Copyright Act, Pub. L. No. 105-304, 112 Stat. 2860 (1998).

a. Description of the Digital Performance Right

According to the legislative history, Congress enacted the DPRA to ensure that performing artists and record companies are protected from changes in the way consumers use sound recordings.[79] Describing digital recordings in compact discs (CDs) as the "dominant physical medium for the distribution of copyrighted sound recordings,"[80] Congress expressed concern that at least a "small number" of services were making transmissions of digital recordings available to subscribers via the Internet.[81] Although pleased that this phenomenon would "permit consumers to enjoy performances of a broader range of higher-quality recordings," Congress worried that the "streaming" of online music could "obviate the need for consumers to buy anything physical in their quest to obtain digital quality music recordings."[82]

Of greatest concern to Congress was the so-called "celestial jukebox," an interactive service whereby Internet users could select "on-demand" music from a vast library of sound recordings.[83] According to the accompanying Senate report, interactive services "pose the greatest threat to traditional record sales."[84] Because artists and record companies depend upon such sales as their primary source of revenue, the DPRA grants sound recording copyright owners an exclusive right to control the use of sound recordings via interactive digital services.[85]

Less troubling but still of some concern to Congress was the emergence of non-interactive webcasts.[86] These services operate much like traditional radio broadcasts, in the sense that the consumer does not control which sound recordings are aired. Since these webcasting services were in short supply at the time of passage of the DPRA and DMCA, it was difficult for Congress to gauge what effect they might have on the

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79 H.R. REP. No. 104-274, at 3 (1995).

80 *Id.*

81 *Id.*

82 2 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 8.21 (2002).

83 *Id.*

84 SENATE COMM. ON THE JUDICIARY, REPORT ON THE DIGITAL PERFORMANCE RIGHT IN SOUND RECORDINGS ACT OF 1995 (1995), *reprinted in* 10 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT app. at 46 (2002) [hereinafter REPORT ON THE DIGITAL PERFORMANCE RIGHT IN SOUND RECORDINGS ACT].

85 17 U.S.C. § 114(d)(3) defines an "interactive service" as one that enables a user to receive a transmission of a particular sound recording selected by or on behalf of the end recipient.

86 REPORT ON THE DIGITAL PERFORMANCE RIGHT IN SOUND RECORDINGS ACT, supra note 84, at 14 (explaining that although some noninteractive services would trigger the exclusive right in sound recordings, they would nevertheless be eligible for a statutory license).

traditional revenue streams of recording companies and artists.[87] Congress was thus more attuned to the arguments of songwriters, who expressed concern that an exclusive license could "limit opportunities for the performance of musical works."[88] Accordingly, the DPRA and DMCA make noninteractive webcasts, whether of a subscription or nonsubscription nature, eligible for a compulsory webcasting license under which the owner of the sound recording copyright must license its work at a predetermined rate.[89]

In the event that sound recording copyright owners and noninteractive webcasters are unable to agree upon a fee for use of the webcasting license, the Librarian of Congress is directed to convene a copyright arbitration royalty panel (CARP) to set a rate per a "willing buyer, willing seller" standard.[90] The CARP is also responsible for establishing a minimum fee for use of the webcasting license.[91] Both findings are subject to review by the Librarian of Congress, who may reject the CARP's determinations if found to be arbitrary or contrary to law.[92] As a result of the CARP process, webcasters willing to pay the set fee may make digital, noninteractive transmissions without having to negotiate license fees with sound recording copyright owners.[93]

In February 2002, the first CARP announced its findings for the webcasting license. By all accounts, the proceedings were acrimonious.[94] While much could be written about the CARP, for purposes of this discussion it is most important to note that the panel was decidedly in favor of rate proposals put forth by the Recording Industry Association of America (RIAA), rather than those of the webcasters.[95] A key example of the RIAA's success is the panel's decision as to the metric for calculating royalty rates. The webcasters requested the option of a percentage-of-revenue license equal to 3% of gross revenues. This figure, they explained, was "taken straight from the ASCAP/BMI/SESAC broadcast ra-

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87 Fisher testimony, *supra* note 68, at 17.

88 REPORT ON THE DIGITAL PERFORMANCE RIGHT IN SOUND RECORDINGS ACT, *supra* note 84, at 46.

89 17 U.S.C.A. § 114(d)(2) (West Supp. 2003).

90 *Id.* § 114(f).

91 *Id.* § 114(f)(2)(b).

92 At that point, any party to the proceeding who is dissatisfied with the Librarian's determination may appeal to the U.S. Court of Appeals for the District of Columbia Circuit. *See id.* § 802(g).

93 Report of the Copyright Arbitration Royalty Panel, In the Matter of Rate Setting for Digital Performance Right in Sound Recordings and Ephemeral Recordings, CARP DTRA 1&2, Docket No. 2000-9, at 7 (2002) [hereinafter "Report of the CARP"].

94 *See, e.g.*, Saxe, *supra* note 35, at 1.

95 For more specific information on the CARP proceedings, see FERRIS & LLOYD, *supra* note 35, at § 7.

dio licenses [for the public performance of musical compositions]."[96] The RIAA, however, objected, requesting that the CARP set a per-performance fee of .4 cents per individual listener reached.[97]

The CARP found that under a true "willing buyer/willing seller" approach, the RIAA's per performance measure would be more accurate.[98] According to the CARP, such a measure reflects that which is actually being used, because "the more intensively an individual service uses the rights being licensed, the more that service shall pay, and in direct proportion to the usage."[99] The CARP did not directly respond to the historic example set by ASCAP and BMI, despite the fact that both PROs employ a percentage-of-revenue model in setting fees for the use of a blanket license, and both are subject to a "reasonableness" determination in a rate court per their respective antitrust decrees.[100]

In its review of the CARP's determination, the Librarian of Congress made certain changes to the proposed rates, yet nevertheless maintained the overall per-performance structure.[101] Rates for use of the statutory webcasting license are calculated at .07 cents per performance, per-listener.[102] Also, the statutorily mandated minimum fee is set at $500.[103] The Librarian's decision set off a firestorm of opposition, with the webcasting advocacy group Digital Media Association (DiMA) proclaiming that the RIAA was not "seriously interested in royalty rates that will en-

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[96] Report of the CARP, *supra* note 93, at 31.

[97] *Id.* at 27.

[98] *See* Determination of Reasonable Rates and Terms for the Digital Performance of Sound Recordings and Ephemeral Recordings, 67 Fed. Reg. 45,239, 45,246 (July 8, 2002) ("The Panel also carefully considered and rejected a percentage-of-revenue model for assessing fees and determined that a per performance metric was preferable to a percentage-of-revenue model.").

[99] Report of the CARP, *supra* note 93, at 37. Furthermore, the CARP expressed fear that a percentage-of-revenue model could result in little or no compensation to the sound recordings owners and artists, as many webcasters "are currently generating very little revenue." *Id.*

[100] ASCAP, Music and Money, *supra* note 33.

[101] Determination of Reasonable Rates and Terms for the Digital Performance of Sound Recordings and Ephemeral Recordings, 67 Fed. Reg. 45,240 (July 8, 2002) (codified at 37 C.F.R. § 261 (2003)).

[102] *Id.* at 45,243.

[103] *Id.* at 45,262. This determination covers the period from October 28, 1998 to August 31, 2002. *See id.* at 45,274; *See also* Letter from SoundExchange to Section 112 and 114 Statutory Licensees (Sept. 25, 2002), *available at* http://www.soundexchange.com/letter_webcasters.pdf (last visited Sept. 13, 2003) [hereinafter SoundExchange Letter].

able thousands of small webcasters to survive, or that will enable music lovers to continue enjoying . . . [a] diverse Internet radio experience."[104]

Reacting to the massive political fallout, the RIAA agreed in October 2002 to accept a percentage-of-revenue royalty rate of 8% of gross revenues, or 5% of expenses (whichever is greater) for those webcasters with gross revenues of less than $1,000,000 during the period from October 28, 1998, to December 31, 2002.[105] The recording industry made similar, yet slightly more complicated, provisions for royalty payments by small webcasters during the 2003–04 term.[106] The agreement was approved by Congress and codified via the Small Webcaster Settlement Act of 2002.[107] SoundExchange, the nonprofit organization established by the recording industry to collect its public performance royalties, avoided another CARP for the 2003-04 term by reaching a separate agreement with larger webcasters in April 2003.[108]

b. The Net (In)significance of the Digital Performance Right

Although the new digital performance right is important in some respects, its significance has surely been overstated. While attempting to secure passage of the digital performance right, some members of the recording industry proclaimed the DPRA and DMCA as momentous

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104 Press Release, Digital Media Association, Internet Radio Companies Appeal Royalty Decision (Aug. 7, 2002), *available at* http://www.digmedia.org/webcasting/appeal.html (last visited Feb. 24, 2004).

105 SoundExchange Letter, *supra* note 103.

106 *Id.*

107 Small Webcaster Settlement Act of 2002, Pub. L. No. 107-321, 116 Stat. 2780. Congress's dissatisfaction with the CARP process has been palpable. By a vote of 406–0, the House of Representatives recently passed a bill replacing the CARP with a panel of three administrative law judges to be chosen by the Librarian of Congress. H.R. 1417, 108th Cong. (2004). Leading proponents of the bill cited the webcaster CARP in criticizing the CARP as a "royalty system that is anything but fair." *House Votes to Reform Copyright Arbitration Process*, COMM. DAILY, Mar. 4, 2004, at 9. The Committee report to H.R. 1417 reports the frequent complaint that CARP arbitrators "lack appropriate expertise to render decisions and frequently reflect either a 'content' or 'user' bias." H.R. REP. NO. 108-408, at 18 (2004). Unlike the private arbitrators in CARP proceedings, the new administrative law judges will be chosen based on their backgrounds in copyright, economics, and arbitration. COMM. DAILY, at 9. The bill, known as the Copyright Royalty and Distribution Reform Act of 2004, is now awaiting consideration by the Senate Committee on the Judiciary.

108 *SoundExchange Webcasting Rates May Avoid CARP*, PRO SOUND NEWS, May 1, 2003, at 16. The rates are similar to those decided by the Librarian of Congress in the last CARP: 0.0762 cents per performance, 1.17 cents per aggregate tuning hour, or 10.9% of gross revenues for subscription services.

achievements in the field of performance rights law.[109] As one journalist explained, the recording industry's attitude could be paraphrased as, "this medium poses a dramatic risk to everything we do. Those old laws were always ridiculous . . ., and here is a chance to make things right."[110]

In fact, though, the DPRA and DMCA create "critical limitations" on the public performance right,[111] only performances in digital format are covered, thus excluding the average terrestrial, or "over-the-air" AM/FM broadcasts.[112] Terrestrial broadcasts remain exempt from the public performance right even if made in digital form, so long as they are free to consumers.[113] One cannot reasonably see the DPRA and DMCA, with all their limitations, as significant expansions of the public performance right to the realm of sound recordings. Recall that the Copyright Act of 1976 created five particular rights in a copyrightable work, one of which was the public performance right. It codified these rights in five paragraphs of section 106 of Title 17 of the U.S. Code. As discussed earlier in Part II.B.2, sound recordings were specifically exempted from the public performance right of section 106(4). The DPRA and DMCA did not remove that exemption; rather, the digital performance right exists at an entirely new

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109 *Copyright Treaties Implementation Act: Hearing before the Subcomm. on Telecommunications, Trade, and Consumer Protection of the House Commerce Comm.*, 105th Cong. (June 5, 1998) (statement of Hilary B. Rosen) ("[Y]ou have before you an unparalleled opportunity to foster and sustain U.S. competitiveness in the coming century in a sector whose importance to this Nation far exceeds its economic output.").

110 Chuck Taylor, *The Hopes & Hurdles of the Web*, BILLBOARD, Nov. 6, 1999, at 1.

111 Kettle, *supra* note 6, at 1070.

112 17 U.S.C.A. § 114(j)(5) (West Supp. 2003). Note that Congress also subjected the emerging satellite digital radio services (DARS) to the public performance right and compulsory license regime. 17 U.S.C. § 114(d)(2) (2000). As a result, the two licensed DARS providers, XM Satellite Radio and Sirius, must pay sound recording copyright owners a prenegotiated public performance fee for each song they air. Traditional radio broadcasters are already far more seriously challenged by XM and Sirius than they have ever been by webcasters. After less than three years on the air, XM has over 1,360,000 subscribers to its monthly service, while Sirius has a growing base of 260,000 subscribers. *See* Brad Stone, *Greetings Earthlings: Satellite Radio for Cars is Taking Off and Adding New Features – Now Broadcasters are Starting to Fight Back*, NEWSWEEK, Jan. 26, 2004, at 55. As a recent *Newsweek* article reported, "[t]raditional radio broadcasters . . . are growing increasingly alarmed by [satellite radio's] popularity and plans for expansion." *Id.* To foster a competitive market in this battle for listeners, the argument for a public performance right that does not unfairly advantage terrestrial broadcasters may prove to be particularly compelling.

113 Background music services were similarly exempted from the right. *See* Bill Holland, *Agreement Paves Way for Senate Performance Right Bill*, BILLBOARD, July 8, 1995, at P1.

paragraph, section 106(6). These separate classifications are not insignificant. By referring to a public performance right for a "digital audio transmission," a term lacking in any precedent in copyright law, Congress signaled that a "qualitatively new right is being created."[114]

One prominent commentator, David Nimmer, has explained that, but for the advent of the digital transmission of sound recordings, Congress would not have seen fit to confer *any* new public performance right.[115] The legislative history supports his assertion. For example, the Senate report to the DPRA explicitly rejects a call by the Register of Copyrights, Marybeth Peters, that "the time has come to bring protection for performers and producers of sound recordings into line with the protection afforded to the creators of other works."[116]

In light of the structure and history of the DPRA and DMCA, sound recording copyright owners and artists are intended to receive no greater royalty compensation than that to which they were entitled under the traditional analog system, which depended entirely upon revenues from the exclusive rights to reproduce and distribute sound recordings.[117] This principle of "substitution,"[118] which seeks to compensate sound recording

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114 NIMMER, *supra* note 82, at § 8.21.

115 As Nimmer explains, "Instead of simply amending that feature to add sound recordings (or a subset of eligible sound recordings) to the works that could claim a public performance right, Congress added a new paragraph to Section 106 conferring the right, 'in the case of sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission.'" *Id.*

116 *Id.* (citing *Digital Performance Right in Sound Recordings Act of 1995: Hearings before the Senate Comm. on the Judiciary*, 104th Cong. (1995)).

117 Note that despite the benefit to be conferred to certain sound recording owners and artists in the DPRA and DMCA, Congress maintained the position that "longstanding business and contractual relationships among record producers and performers, music composers and publishers and broadcasters . . . have served all of these industries well." H.R. REP. NO. 104-274, at 11 (1995).

118 *See* Fisher testimony, *supra* note 68, at 16. Testifying at the request of the webcasters, Prof. Fisher explained why Congress limited the digital public performance right via a compulsory license for noninteractive services, noting that "in contrast to downloading and on-demand streaming, these ancillary systems pose less danger to the [traditional] revenue streams of copyright owners." Although Congress believed that webcasting would have some promotional effect on the sales of authorized recordings, it "was apparently viewed as possible that such services might reduce somewhat consumer demand for sales of authorized recordings through the 'substitution' effect." Thus, given the indeterminacy regarding the net result of webcasting, Fisher testified that "it made sense for Congress to place [webcasting] in an intermediate category — not subject to an unconstrained public-performance right, like on-demand streamers, but also not altogether exempt from such a right, like traditional broadcasters." *Id.* at 9-10.

owners and artists solely for phonogram sales dollars lost to new distribution technologies, explains why the DMCA and DPRA may represent a net gain of zero for the sound recording industry.[119] Congress meant only to avoid substitution effects; it "did not contemplate providing copyright owners a windfall."[120]

There is a final piece of evidence indicative of the digital performance right's aggregate insignificance. As discussed further in Part III.A.1, since the introduction of the Rome Convention in 1961, supporters of a new performance right have pointed to the presence of the general performance right in other countries as justification for domestic adoption thereof. Specifically, supporters cite the fact that these countries grant the right to foreign works only on the condition of reciprocal treatment by the copyright owner's home country. As one journalist succinctly put it, "U.S. artists do not get royalties when their music is performed on foreign radio stations, just as non-U.S. artists don't get money for when their songs hit American radio."[121] Yet neither the DPRA nor the DMCA will make much of a difference in this respect. As Professor Nimmer has explained, had Congress wished to maximize foreign revenue to its recording industry constituents, "it would have followed the Copyright Office's recommendation and simply extended the blanket performance right to sound recordings."[122] Although some legislators and observers may have thought that the laws of 1995 and 1998 would alleviate losses suffered by domestic sound recording owners in foreign markets,[123] the new digital right was far too narrow to trigger reciprocal treatment abroad.[124]

Considering the distinct nature of the digital performance right in sound recordings, it appears that no significant progress has been made in

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119 *See, e.g.*, Andrea E. Bates, *Webcasters Face Retroactive Royalties in October*, NAT'L L.J., Sept. 23, 2002, at B8 ("Due to the expansive nature of the Internet and 'free' availability of music over the Internet, the recording industry pushed for statutory protections of its revenue stream, via amendments to the Copyright Act. The recording industry feared that if listeners had free access to music, they would no longer purchase CDs, and without CD sales, the owner of a sound-recording copyright would not be compensated because its royalties were based upon revenues from album sales.").

120 Fisher testimony, *supra* note 68, at 10.

121 Saxe, *supra* note 35.

122 NIMMER, *supra* note 82, at § 8.21.

123 *See, e.g.*, Joshua D. Levine, Note, *Dancing to a New Tune, A Digital One: The Digital Performance Right in Sound Recordings Act of 1995*, 20 SETON HALL LEGIS. J. 624, 643-44 (1996). Commenting on the DPRA, Levine writes, "[b]ased on the fact that roughly forty percent of the music reproduced and distributed internationally comes from the United States, American artists and record companies could conceivably benefit a substantial windfall from this newly opened arena." *Id.*

124 Kettle, *supra* note 6, at 1080-81.

attaining a general public performance right in sound recordings. One explanation for this phenomenon may be that the right is not warranted, a possibility explored, and only partially rejected, in the following section.

III. IS THERE MERIT TO A GENERAL PUBLIC PERFORMANCE RIGHT IN SOUND RECORDINGS?

As mentioned in the Introduction, there is a wealth of scholarly, journalistic, and governmental literature calling for the adoption of a general public performance right in sound recordings. Among the justifications offered are a desire for international harmonization of the copyright laws, loss of potential royalties abroad, creation of incentives for the production of new and unique recordings, and basic notions of equity between composers and recording artists. Opponents of the right, however, have advanced the notion that artists and sound recording owners are already justly compensated by the promotional effect that radio airplay has on record sales. They also argue that a general performance right would bankrupt the broadcasting industry and that the social costs attendant to the new performance right may skew the optimal balance between the creation and use of intellectual property. Each line of argument, both pro and con, speaks to a fundamental question: Is there merit to a general public performance right in sound recordings? To answer this crucial question, it is necessary to consider the various arguments, pro and con, in further detail.

A. In Favor of a General Right of Public Performance in Sound Recordings

1. Concerns of the International Market Support a Public Performance Right

a. Background of the International Argument

In recent years, numerous Copyright Act revisions have been made in the name of the international harmonization of copyright laws. In 1976, for example, one of the major justifications for Congress in adopting a life-of-the-author plus fifty-year copyright term was to "align . . . United States copyright terms with the then-dominant international standard."[125] Adding an additional twenty years to that term, the subsequent Congressional decision to enact the Copyright Term Extension Act (CTEA) sought to "harmonize . . . the baseline United States copyright term with the term adopted by the European Union in 1993."[126]

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[125] Eldred v. Ashcroft, 537 U.S. 186, 195 (2003) (citing H.R. REP. No. 94-1476, 94th Cong., at 135 (1976)).

[126] *Id.* Also demonstrating the push towards global harmonization is America's accession to the Berne Convention for the Protection of Literary and Artis-

Appealing to that goal of harmonization, supporters of a general public performance right in sound recordings claim that the right's adoption would bring U.S. law in-line with that of our neighbors abroad. The title of a recent scholarly article on the subject sums up the argument well: "Dancing to the Beat of a Different Drummer: Global Harmonization – and the Need for Congress to Get in Step with a Full Public Performance Right for Sound Recordings."[127] Similarly, a *Billboard* editorial carried the moniker, "U.S. Should Get in Step with Other Nations; The Case for a Performance Royalty."[128] Many other commentators have used international harmonization as justification for U.S. adoption of a general performance right in sound recordings.[129]

As specific proof that adoption of the right would harmonize U.S. law with that of the global marketplace, supporters point to the Rome Convention, formally known as the International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations.[130] The only international treaty governing performers' rights in sound recordings, the Rome Convention has been in force since 1961.[131] The Convention requires signatories to grant equitable remuner-

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tic Works, the largest and most influential international copyright convention. As prerequisite to membership in Berne, the U.S. agreed to relax copyright notice and registration requirements. *See* Martin, *supra* note 6, at 751; S. REP. No. 100-352, at 12 (1988). Commentators have hailed this move as an "important step toward global harmonization of intellectual property laws." Kettle, *supra* note 6, at 1077.

127 Kettle, *supra* note 6, at 1077.

128 Marc Jacobson, *U.S. Should Get in Step with Other Nations; The Case for a Performance Royalty*, BILLBOARD, May 9, 1992, at 7.

129 *See, e.g.*, Bonnie Teller, *Toward Better Protection of Performers in the United States: A Comparative Look at Performers' Rights in the United States, Under the Rome Convention and in France*, 28 COLUM. J. TRANSNAT'L L. 775 (1990); D'Onofrio, *supra* note 10, at 177; O'Dowd, *supra* note 6, at 261. As Jason Berman, past president of the RIAA proclaimed, "[t]he current situation undercuts U.S. credibility by forcing the U.S. to take positions on international obligations with respect to sound recordings to protect our industry throughout the world that differ from our own law." *Hearing on H.R. 1506, The Digital Performance Right in Sound Recording Act of 1995, Before the Judiciary Subcomm. on Courts & Intellectual Property*, 104th Cong. (June 21, 1995) (testimony of Jason S. Berman, Chairman and CEO Recording Industry Association of America), *available at* http://www.house.gov/judiciary/489.htm (last visited Feb. 24, 2004) [hereinafter Testimony of Jason S. Berman].

130 International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, Oct. 26, 1961, 496 U.N.T.S. 43, *available at* http://www.wipo.int/clea/docs/en/wo/wo024en.htm (last visited Feb. 24, 2004) [hereinafter Rome Convention].

131 *Id.*

ation to either performers or producers of sound recordings, or both. Specifically, Article 12 states that:

> If a phonogram published for commercial purposes, or a reproduction of such phonogram, is used directly for broadcasting or for any communication to the public, a single equitable remuneration shall be paid by the user to the performers, or to the producers of the phonograms, or to both. Domestic law may, in the absence of agreement between these parties, lay down the conditions as to the sharing of this remuneration.[132]

Although an active participant in its drafting, the U.S. neither signed nor ratified the Rome Convention.[133] In the last two decades, however, there has been a rapid increase in the number of states seeking membership in the Convention.[134] As of February 2004, seventy-six countries were signatories to the Rome Convention.[135]

Rights under the Rome Convention are commonly known as "neighboring rights," granted to foreign countries only on a reciprocal, as opposed to national, basis.[136] Thus, only those sound recording owners and performers who are nationals of a Rome Convention member country receive performance rights in other member countries.[137] Given this structure, advocates point to the fact that were the U.S. to become a party to

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132 *Id.* art. 12.

133 REGISTER OF COPYRIGHTS, HOUSE SUBCOMM. ON COURTS, CIVIL LIBERTIES, AND THE ADMINISTRATION OF JUSTICE OF THE HOUSE JUDICIARY COMM., 95TH CONG., PERFORMANCE RIGHTS IN SOUND RECORDINGS, at 38 (Comm. Print 1978) [hereinafter 1978 Report].

134 Teller, *supra* note 129, at 776.

135 World Intellectual Property Organization (WIPO), *Intellectual Property Protection Treaties: Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations, Contracting Parties, available at* http://www.wipo.int/treaties/en/documents/pdf/k-rome.pdf (last visited Feb. 24, 2004) [hereinafter WIPO]. WIPO reports that the following nations are signatories to the Rome Convention: Albania, Argentina, Armenia, Australia, Austria, Barbados, Belarus, Belgium, Bolivia, Brazil, Bulgaria, Burkina Faso, Canada, Cape Verde, Chile, Colombia, Congo, Costa Rica, Croatia, Czech Republic, Denmark, Dominica, Dominican Republic, Ecuador, El Salvador, Estonia, Fiji, Finland, France, Germany, Greece, Guatemala, Honduras, Hungary, Iceland, Ireland, Israel, Italy, Jamaica, Japan, Kyrgyzstan, Latvia, Lebanon, Lesotho, Liechtenstein, Lithuania, Luxembourg, Mexico, Monaco, Netherlands, Nicaragua, Niger, Nigeria, Norway, Panama, Paraguay, Peru, Philippines, Poland, Portugal, Republic of Moldova, Romania, Russian Federation, Saint Lucia, Serbia and Montenegro, Slovakia, Slovenia, Spain, Sweden, Switzerland, Togo, the former Yugoslav Republic of Macedonia, Ukraine, United Kingdom, Uruguay, and Venezuela. *Id.*

136 Franklin, *supra* note 6, at 113.

137 Martin, *supra* note 6, at 753.

the Rome Convention, it would be entitled to reciprocal treatment and would accordingly receive performance royalties when sound recordings owned by U.S. nationals are performed within the jurisdiction of member states.[138] Those advocating for a general performance right point out that without it, "American recording artists and record labels are not entitled to receive the millions of dollars in foreign royalties collected that would otherwise be payable."[139] In other words, as another commentator explained, "what moves this issue forward is [a] significant amount of money."[140]

On the surface, it appears that the U.S. has a compelling profit motive to desire membership in the Rome Convention's reciprocal rights regime. Estimates as to the amount of money at stake vary, but they all predict vastly increased riches for performers and record labels. For example, a 1990 estimate suggested that American performers were then losing $27 million per year due to the lack of U.S. membership in the Convention.[141] Even if an exact estimate of potential performance royalties lost is not available, it is easy to infer a large number from the fact that over 60% of foreign record sales are of albums made by Americans.[142]

b. Limitations of the International Argument

In view of the steadily increasing number of signatories, it is tempting to conclude that U.S. accession to the Rome Convention would promote the goal of international harmonization and would reap a substantial financial windfall for U.S. performers and producers of sound recordings. Such would be the case were it not for a little-referenced option under Article 16(1)(a)(1) of the Convention, which provides:

> Any State, upon becoming party to this Convention, shall be bound by all the obligations and shall enjoy all the benefits thereof. However, a State may *at any time*, in a notification deposited with the Secretary-General of the United Nations, de-

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138 Franklin, *supra* note 6, at 114.

139 Kettle, *supra* note 6, at 1075. Similarly, in 1995, President Clinton's Working Group on Intellectual Property Rights admonished that due to the lack of a U.S. performance right, "U.S. performers and record companies are denied their fair share of foreign royalty pools." INFORMATION INFRASTRUCTURE TASK FORCE, WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS, INTELLECTUAL PROPERTY AND THE NATIONAL INFORMATION INFRASTRUCTURE: THE REPORT OF THE WORKING GROUP ON INTELLECTUAL PROPERTY RIGHTS 222-23 (1995).

140 Jacobson, *supra* note 128, at 7.

141 Teller, *supra* note 129, at 790.

142 Press Release, Office of the United States Trade Representative, USTR Kantor Initiates WTO Dispute Settlement Proceedings Against Japan for Its Sound Recording Copyright Practices (Feb. 9, 1996) (on file with author).

clare that as regards Article 12, it will not apply the provisions of that Article.[143]

Twelve states thus far have exercised their right to opt-out of Article 12 performance rights obligations.[144] One cannot ignore the opt-out factor in considering the effect of future U.S. membership in the Rome Convention. That is, many countries, especially those with comparatively small domestic recording industries, would likely not have entered the Rome Convention's reciprocal rights regime if doing so would have triggered a large outflow of new royalty payments to U.S. sound recording copyright owners.

To illustrate the limitation of a pro-performance right argument relying on reciprocal compensation, it is helpful to consider a few selected country examples. First are two states, the United Kingdom and France, which are considered to be firm participants in Article 12, unlikely to waiver from their participation decision. Both are major recording industry leaders.[145] Since a landmark court decision in 1934, the U.K. has recognized a right of public performance in sound recordings.[146] The U.K. recording industry is strong, with sales of £1.155 billion (approximately $2.08 billion) in the four quarters preceding September 30, 2003.[147] Although France did not officially enact a legislative public performance right in sound recordings until 1985,[148] it too has a long history of honoring performance rights in sound recordings.[149] Also like the U.K., France

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143 Rome Convention, *supra* note 130, art. 16(1)(a)(1) (emphasis added).

144 WIPO, *supra* note 135. The following countries have elected to opt-out of Article 12: Australia, Congo, Estonia, Fiji, Finland, Iceland, Luxemburg, Monaco, Niger, Poland, Slovenia, and the former Yugoslav Republic of Macedonia. *Id.*

145 International Federation of Phonogram and Videogram Producers (IFPI), *Global Music Sales Down 5% in 2001*, Apr. 26, 2002, *at* http://www.ifpi.org/site-content/statistics/worldsales.html (last visited Feb. 24, 2004). IFPI notes that the UK and France are "two major markets." *Id.*

146 In *Gramophone Co., Ltd. v. Stephen Cawardine & Co.*, [1934] Ch. 450, the owner of the copyright in a recorded rendition of Auber's *Black Domino* overture successfully argued that the 1911 U.K. Copyright Act provided for an independent public performance right in the sound recording, separate and apart from the performance right in the musical work. *See* J.A.L. STERLING, INTELLECTUAL PROPERTY RIGHTS IN SOUNDS RECORDINGS, FILM & VIDEO 312-13 (1992). The 1911 U.K. Copyright Act stated that "copyright shall subsist in records . . . by means of which sounds may be mechanically reproduced, in like manner as if such contrivances were musical works." *Id.*

147 British Phonographic Industry, Ltd. (BPI), Market Information, *available at* http://www.bpi.co.uk/pdf/Trade_Del_Q3-03.pdf (last visited Feb. 24, 2004).

148 Law No. 85-660 of July 3, 1985, J.O., July 4, 1985, tit. II, art. 18.

149 For example, in a 1964 case, *Furtwangler v. Societes Thalia & Urania*, the *Cour de cassation*, France's High Court, held that performers have the right to prohibit the unauthorized use of their performances. *See* J.A.L. STERLING,

has a strong domestic recording industry. It is the fifth largest in the world, with sales of over 7.379 billion francs (approximately $1.05 billion) in 2000.[150]

Yet the U.K. and France are not typical Rome Convention signatories. Most participants, in fact, have comparatively small domestic recording industries, and would thus incur a royalty imbalance with the U.S. following American adoption of the Convention. For example, one of the Rome Convention's most recent signatories[151] is America's largest trading partner, Canada.[152] Although Canada had previously adopted the right, it changed course and removed the right in 1971, partly in response to broadcaster opposition.[153] Re-introduction of the right in the 1990s was "highly controversial," and occurred only after "extensive debate."[154]

Impact of the new Canadian performance right is significantly limited by the fact that each broadcaster need only pay annual royalties of $100 CAD ($76.80 USD) for the first $1.25 million CAD ($959,951 USD) in revenue.[155] The legislative history of the 1997 Act indicates that this safe harbor was designed to mollify the fears of broadcasters. As the Canadian Standing Senate Committee on Transport and Communications has explained, "[t]his preferential rate . . . cover[s] about 65 per cent of Canadian radio stations."[156] The Canadian situation stands in stark contrast to that

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WORLD COPYRIGHT LAW: PROTECTION OF AUTHOR'S WORKS, PERFORMANCES, PHONOGRAMS, FILMS, VIDEO, BROADCASTS AND PUBLISHED EDITIONS IN NATIONAL, INTERNATIONAL AND REGIONAL LAW 1035 (1998), (citing *Furtwangler v. Societes Thalia & Urania* (Cour de cassation, Ch. Civ., Jan. 4, 1964, Gaz. Pal. Jan. 25-28, 1964)). An earlier case, *Fedor Ivanovitch*, recognized a recording company as having a right of "literary and artistic property" in its recording. *See id.* (citing *Fedor Ivanovitch* (Mar. 15, 1957, J.C.P. 1957 II.10.210).

150 Emmanuel Legrand, *CD-R Piracy Hits French Record Sales*, BILLBOARD, Feb. 10, 2001, at 53 (quoting sales of sound recordings in 2000 of 7.379 billion francs).

151 Canada officially became a party to the Rome Convention on June 4, 1998. WIPO, *supra* note 135; I-CAN INT'L COPYRIGHT LAW AND PRACTICE § 3 (2002).

152 Migration Policy Institute, US-Canada-Mexico Trade Fact Sheet, *at* http://www.migrationpolicy.org/pubs/us_mex_can_facts.html (last visited Feb. 24, 2004).

153 1978 Report, *supra* note 133, at 6.

154 Jonathan S. Shapiro et al., *Canada Enacts New Copyright Laws*, J. PROPRIETARY RTS., July 1997, at 21. Note that the performance right was re-introduced as part of a decade-long effort to modernize Canada's copyright law. *See* Kimberly Hancock, *Canadian Copyright Act Revisions*, 13 BERKELEY TECH. L.J. 517, 523 (1998).

155 Copyright Act, R.S.C., ch. C-42, § 68.1 (1997) (Can.).

156 PROCEEDINGS OF THE STANDING SENATE COMM. ON TRANSPORT AND COMMUNICATIONS, NINTH REPORT (Apr. 21, 1997) (Can.), *available at* http://

of the digital performance right in the U.S., where a *minimum* fee of $500 was imposed for use of the statutory webcasting license regardless of a webcaster's revenue stream.[157] Consequently, the Canadian example does not necessarily represent a "full" public performance right in sound recordings.

In addition to the $100 CAD ceiling on fees to be paid by the majority of broadcasters, American observers should also be cognizant of the role that U.S. non-participation in the Rome Convention played in the Canadian decision to re-enact a performance right in sound recordings. First, note that one of the reasons for Canada's abolition of the right in 1971 was concern that America would join the Convention, provoking in Canadian authorities a "well-founded fear that most royalties would be paid out to the United States, which exports large numbers of recordings to Canada."[158] Both then and now, U.S. copyright holders are estimated to own more than 50% of all recordings publicly performed in Canada.[159] If the U.S. were to adopt neighboring rights under the Rome Convention, a large southern outflow of royalty payments would be required of Canadian broadcasters. In fact, fearful of reciprocal obligations for digital performances under the DPRA and DMCA, the Canadian Standing Senate Committee on Transport and Communications advised:

> [T]he U.S. will enforce "neighbouring rights" related to digital radio offered to consumers on a subscription basis. Your Committee therefore recommends that the Government immediately undertake an in-depth study of the new digital technologies, in particular the Internet, and the impact their widespread commercial deployment might have on the payments Canadian broadcasters may have to make to both Canadian and foreign rights holders.[160]

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www.parl.gc.ca/english/senate/com-e/tran-e/17rp-e.htm (last visited Feb. 25, 2004) [hereinafter PROCEEDINGS OF THE STANDING SENATE COMM. ON TRANSPORT AND COMMUNICATIONS].

157 *See* Determination of Reasonable Rates and Terms for the Digital Performance of Sound Recordings and Ephemeral Recordings, 67 Fed. Reg. 45,262 (July 8, 2002) (codified at 37 C.F.R. § 261 (2003)).

158 1978 Report, *supra* note 133, at 6.

159 Shapiro, *supra* note 154.

160 PROCEEDINGS OF THE STANDING SENATE COMMITTEE ON TRANSPORT AND COMMUNICATIONS, *supra* note 156. That 1997 recommendation of the Committee is reminiscent of an advisory report issued two decades earlier to the Canadian government, counseling the re-adoption of a sound recording performance right *only as to Canadian recordings*. *See* 1978 Report, *supra* note 133, at 6. ("A 1977 advisory report to the Canadian Government has recommended that performance rights be reinstated, but that they apply only to Canadian recordings.")

It seems likely that U.S. adoption of a general performance right in sound recordings would trigger a retreat of recent Canadian copyright advances. Specifically, the Canadian Parliament could be expected to modify its instrument of ratification to the Rome Convention by including a declaration under Article 12(1)(a)(i), opting-out of the reciprocal public performance obligation for sound recordings.[161] The plausibility of this scenario weakens the argument that U.S. implementation of the Rome Convention would serve the international harmonization goal of American copyright law.

c. Conclusions on the International Argument

Like a Delphic sword, the reciprocity argument cuts both ways. In explaining the role of reciprocity under the Rome Convention (and citing that role as incentive for U.S. adoption of a general performance right in sound recordings), one commentator has written that "[r]eciprocity principles are a form of economic protectionism employed in countries where imports of copyrighted works far exceed exports."[162] That observation is correct, but a bit blunt. Reciprocity serves no protectionist function for an economically self-interested country if performance royalty eligible imports far outpace exports, as would be the case for many countries if the U.S. were to join the Rome Convention's reciprocal rights regime. Hence, perhaps the preceding statement could be rephrased to say that under the Rome Convention, "reciprocity principles are a form of economic protectionism employed *to avoid payment of performance royalties to the U.S., a particularly large exporter of sound recordings*."

As advocates for a general performance right in sound recordings are eager to point out, "United States performers would reap the largest share of the foreign performance rights royalties that have been set aside so far."[163] With such large prospective payments to U.S. interests, however, it is hard to ignore the possibility of defections from Article 12 by current member states.[164] There are far more Rome signatories in the Canadian position, with a comparatively weak domestic recording industry, than there are countries like France and the U.K., which have relatively robust domestic industries.[165] In some countries, it has been estimated that as

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[161] *See infra* notes 136-144 and accompanying text.

[162] O'Dowd, *supra* note 6, at 263.

[163] Franklin, *supra* note 6, at 115.

[164] A typical statement proclaims that "[f]or the health of our recording industry at home and for the sake of our tremendous role in the export of sound recordings to be performed abroad," the U.S. must ascend to the Rome Convention. *See* Jacobson, *supra* note 128, at 7.

[165] In 2001, *Billboard* reported the ten largest recording markets in the following order: U.S., Japan, U.K., Germany, France, Canada, Brazil, Mexico, Spain,

many as 90% of broadcasted sound recordings are American-made.[166] Accordingly, the proposition that U.S. adoption of the Rome Convention would advance the goal of international copyright harmonization and generate a substantial windfall for U.S. performers and producers must be followed by a disclaimer regarding the possibly disruptive effects of U.S. participation in the treaty's reciprocity scheme.

2. *Equity Demands that Recording Artists and Producers Receive a Performance Right*

Above and beyond economic notions, proponents of a sound recording performance right typically cite basic principles of equity as justification for their position. Under this argument, there should be a general performance right in sound recordings because performers and record companies *deserve* it. This stance dates back to the early days of the performance rights debate. Congressman Sirovich, for example, expressed concern in 1932 about the lack of "protection to the author and manufacturer who puts his talents or his money into the [sound recording] without getting any compensation from the others who are using it for commercial gain."[167]

The first branch of the equity-based argument is of a comparative nature. It considers the contribution to the finished product by, on the one hand, performers and producers, and, on the other, composers. Commentators of this view decry the granting of a public performance right to "the person who puts the words on paper and the person who sets those words to music," yet not to "the performer who brings that sheet music to life nor to the record company that invests time, money, and artistry to make that recording possible."[168] That is, "[b]oth the performers and record companies . . . make a creative contribution comparable to that of the composer."[169]

The comparative equity argument has some force. Looking to popular culture, it is obvious that consumers are often more interested in the performer than the composer. Most teenagers, for example, probably do not know the names Bruce Robison and Farrah Braniff. They are cer-

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and Australia. *See* Tom Ferguson, *Korea, India, Rejoin Top Twenty Music Markets*, BILLBOARD, May 5, 2001, at 43. Note that despite the proximity of France and Canada on the list, the market for CD sales in the former is over 56% greater than that found in the latter. Of course, most of the Rome Convention signatories do not fall within the *Billboard* list. *See* WIPO, *supra* note 135.

166 D'Onofrio, *supra* note 6, at 178 n.48.

167 1978 Report, *supra* note 133, at 30.

168 Testimony of Jason S. Berman, *supra* note 129.

169 D'Onofrio, *supra* note 10, at 175.

tainly aware, however, of the Dixie Chicks,[170] a pop-country ensemble which took those composers' work to the top of the *Billboard* charts.[171] Returning to an earlier example, Old Blue Eyes (Frank Sinatra) remains a household name, unlike his trusty composer, Sammy Cahn.[172] As one advocate for a new performance right has explained, in listening to a song, "we are as much listening to it because of that performer's skill and style as because of the skill and style of the musical composer, lyricist, or music publisher (who all receive performance royalties)."[173]

While it is no doubt inaccurate to view the contribution of artists and producers as *more* important than that of composers, there is certainly a "creative interdependence" among the parties.[174] In other words, "[a]bsent a recording . . . the musical composition is silent."[175] Given the importance of sound recordings to music as we know it, there is a strong equitable argument for granting a performance right in sound recordings.

In addition to the role of the performer, of course, there is the creative contribution of the producer. It is the producer who acts as conductor of the operation, putting together all the necessary components, such as performers, composers, editors, and arrangers.[176] Furthermore, much of the financial risk in creating a sound recording is borne by the record producer.[177] The producer is akin to a music publisher, who typically receives half of all public performance royalties for a musical composition.[178]

The second prong to the fairness argument is based on the idea of changed circumstances. Recall the success of the recording industry in achieving enactment of the digital performance right. That accomplish-

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170 DIXIE CHICKS, *Travelin' Soldier*, *on* HOME (Open Wide Records 2002).

171 *Hot 100*, BILLBOARD, Mar. 15, 2003, at 73, *available at* 2003 WL 10157613.

172 *See* SINATRA, *supra* note 2 and accompanying text.

173 O'Dowd, *supra* note 6, at 266. Some performers' styles are particularly susceptible to the argument that their contribution is of equal or greater value to that of the composer. For example, jazz performers will typically take a standard song, such as *Someday My Prince Will Come*, (a children's song composed by Frank Churchill and Larry Morley for the Disney classic, *Snow White*) and improvise to create a song pleasing to their audience. It is hard to imagine that many jazz fans would seek-out the Disneyana version of the song, although they readily enjoy the version recorded by Miles Davis. MILES DAVIS, *Someday My Prince Will Come*, *on* SOMEDAY MY PRINCE WILL COME (CBS 1961).

174 1978 Report, *supra* note 133, at 46 (citing *Copyright Law Revision, Hearings Before the Subcomm. on Patents, Trademarks, and Copyrights of the Senate Judiciary Comm.*, 90th Cong. (1967) (testimony of Stan Kenton, National Committee for the Recording Arts).

175 1978 Report, *supra* note 133, at 170 (citing Copyright Office Docket S 77-6, Comment Letter No. 12, at 19).

176 D'Onofrio, *supra* note 10, at 176.

177 *Id.*

178 *See* 139 CONG. REC. E1724 (daily ed. July 1, 1993); Fisher, *supra* note 52, at 14.

ment was almost entirely based on the industry's ability to argue the effects of substitution. As explained in Part II.B.2.b, supporters cited a desire not for a net gain in revenue, but rather for the right to simply "keep up" in light of a paradigm shift in the use of music. This argument was of both an economic and an equitable nature; Congress decided it was not fair to allow performers and record companies to suffer economically because of structural changes in the industry. Though not achieving the same success, a similar economic/equitable argument emerged as early as the 1930s, when the recording industry expressed growing concern that "a performer's job [was] being replaced by the use of his own recorded performance."[179] In a landmark 1978 report on the performance royalty question, the Register of Copyrights wrote that "the transition in the broadcasting industry from the use of 'live' performances to recorded performances caused severe dislocation in employment among performers."[180] Changed circumstances during the Twentieth Century thus supported an equitable argument that performers should be granted a performance right in sound recordings.[181]

Despite the many historical changes in the commercial use of sound recordings, Congress has only ever addressed one such shift, that which accompanied the Internet boom of the 1990s. Yet unlike the limited digital performance royalty, a general performance right in sound recordings could serve as a cushion for artists and labels against the extreme effects of unforeseen shifts in the use of music. A general right would avoid the piecemeal tactic employed in the DPRA and DMCA, which bluntly attacked an emerging industry without confronting the ongoing problem of a "free ride" for traditional users of music, such as terrestrial radio broadcasters.

The flip side of the equity argument holds that although performers and producers are not directly compensated, they nevertheless receive suf-

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179 1978 Report, *supra* note 33, at 32 (citing *Hearing Before the House Comm. on Patents on Revision of Copyright Law*, 74th Cong. (1936)). Also, in his 1982 article on the need for a performance right, Steven D'Onofrio cited another portion of the Register's 1978 report, which in turn cited the testimony of Victor W. Fuentalba, President of the American Federation of Musicians: "Stations had a staff orchestra and a small staff of singers who provided the music that was broadcast. They worked on a great variety of programs ranging from classical to popular." *See* D'Onofrio, *supra* note 10, at 178 n.50.

180 1978 Report, *supra* note 133, at 168.

181 Note that circumstances changed even more dramatically in the 1950s, as the use of music in television, films, and radio increased. For example, the FCC in 1948 predicted that there would soon be 3,100 AM stations in operation and 1,100 FM counterparts. *See* RUSSELL SANJEK & DAVID SANJEK, AMERICAN POPULAR MUSIC BUSINESS IN THE 20TH CENTURY 106, 119 (1991).

ficient remuneration from the promotional impact of radio airplay, which in turn generates additional record sales. The intricacies of this argument, and specific responses by the recording industry, are considered in Part III.B.1.

3. *A Performance Right in Sound Recordings Would Serve the Copyright Act's Incentive Purpose*

The Constitutional purpose of copyright law is to "promote the Progress of Science and useful Arts."[182] Arising from the Copyright Clause is the incentive rationale for copyright, whereby the grant of a copyright monopoly provides authors the incentive to create new works and ultimately benefits the "progress of the arts and sciences" for the public at large.[183] Under this principle, copyright laws should be designed so as to encourage the production of new works.

Congress has explicitly accepted the incentive rationale for granting expanded copyright protection. For example, in its controversial 1998 decision to extend the copyright term by twenty years, Congress explained, "[e]xtending copyright protection will be an incentive for U.S. authors to continue using their creativity to produce works, and provide copyright owners generally with the incentive to restore older works and further disseminate them to the public."[184] While many scholars have doubted the incentive effect of the twenty-year term extension,[185] the important point is that legislative leaders have relied on the rationale in making significant amendments to the Copyright Act.

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[182] U.S. CONST. art. I, § 8, cl. 8. This clause is commonly referred to as the "Copyright Clause."

[183] *See, e.g.*, Twentieth Century Music Corp. v. Aiken, 422 U.S. 151, 156 (1975) ("The immediate effect of our copyright law is to secure a fair return for an author's creative labor. But the ultimate aim is, by this incentive, to stimulate artistic creativity for the public good."); Mazer v. Stein, 347 U.S. 201, 219 (1954) ("The economic philosophy behind the clause empowering Congress to grant patents and copyrights in the conviction that encouragement of individual effort by personal gain is the best way to advance the public welfare through the talents of authors and investors in science and the useful arts.").

[184] H.R. REP. NO. 105-452, at 4 (1998).

[185] *See, e.g.*, Michael Keyes, *Whatever Happened to Works Deferred? Reflections on the Ill-Given Deferments of the Copyright Term Extension Act*, 26 SEATTLE U. L. REV. 97, 123 (2002) ("Congress set sail for the land of copyright term extensions without thoroughly analyzing and assessing whether such extensions were necessary for authors or ultimately beneficial for the social welfare.").

Some commentators have cited a public performance right in sound recordings as serving the incentive rationale of copyright law.[186] It is, of course, difficult to measure the effect of the performance right in stimulating the production of new works. One cannot know what would or would not be created if artists had more or less money.[187] Also, there is surely a diminishing marginal return financially for those artists already at the top of their field.[188] An extra few million dollars would do little for an artist such as pop-megastar Madonna, who already has all the economic incentive she might ever need to produce new works. Yet for the many artists who operate at the margin, a performance royalty could provide the necessary income to prevent exit from the recording business.[189] It is only logical to assume that for artists living paycheck-to-paycheck, even a modest performance royalty could spur the ability and desire to produce new works.[190] At the very least, the performing rights incentive argument is as

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186 *See, e.g.*, O'Dowd, *supra* note 6, at 259-60 ("[T]he probable end result of denying a public performance right in sound recordings is that investment in the production of music would drop precipitously.").

187 As Prof. William Fisher explains in a forthcoming publication, "most of our great musicians — from Mozart to Coltrane to Clapton — seem to have been motivated more by love of the art, devotion to the music culture, or hunger for recognition than by dreams of great wealth." *See* Fisher, *supra* note 52, at 55.

188 *See, e.g.*, RICHARD POSNER, ECONOMIC ANALYSIS OF THE LAW 51-52 (1977). The theory that there is a diminishing marginal return to money is widely accepted. Basically, the theory holds that "those with very high incomes attach very little value to tens of thousands, or even millions, of dollars." Martin J. McMahon & Alice G. Abreu, *Winner-Take-All Markets: Easing the Case for Progressive Taxation*, 4 FLA. TAX REV. 1, 35 (1998). As Mark Seidenfeld explains, "[f]or a poor person, another dollar may be the difference between going hungry and eating, while for a wealthy person, another dollar may make little real difference [in] her life." MARK SEIDENFELD, MICROECONOMIC PREDICATES TO LAW AND ECONOMICS 35 (1996). *But see* F.M. SCHERER, THE INNOVATION LOTTERY, *in* EXPANDING THE BOUNDARIES OF INTELLECTUAL PROPERTY: INNOVATION POLICY FOR THE KNOWLEDGE SOCIETY 3, 20-21 (2001), for the contrary argument in this particular context.

189 There is much evidence that most artists find themselves in a precarious economic position. It is estimated that only 20% of albums are commercially successful. There is little return to the recording artist for even those albums that achieve "gold" status, or the sale of 500,000 units. *See* Kettle, *supra* note 6, at 1051 nn.43-44.

190 There is a particularly great potential for a new performance right to incentivize production for those formats of music which typically struggle to obtain commercial success. Within this category one could include bluegrass, world music, blues, modern classical, and spiritual, to name a few. As one commentator explains, public performance royalties "could provide an additional source of revenues to offset often unimpressive sales returns, and

credible as the many other incentive-based rationales found throughout U.S. copyright law.

Under a performance royalty regime, it is also possible that record companies will have more incentive to produce albums for artists who, without the promise of a performance royalty, may not generate enough sales to justify the economic risk of production. Currently, most CDs sell very few copies; the bulk of CD profits are generated from the sale of a few very popular discs.[191] The major record companies have concluded that a focus on those few performers who can sell recordings in large quantities is the most profitable strategy.[192] This may well be a rational response, given that sound recording sales provide the primary revenue stream for the industry.[193] The introduction of a general performance royalty, however, could cause a shift in record companies' business models, resulting in a larger and more heterogeneous body of widely available music.

To the extent that American copyright law is willing to accept incentive-based arguments (and the experience of the CTEA shows that it is), one must consider the fact that at least some new works will be produced as a direct result of the performance royalty. While this indeterminate promise of new works may not, on its own, be sufficient to justify enactment of a new performance royalty, it could help tilt the scale in that direction. The contrary argument, that copyright law must balance the social benefits of the incentive stimulus against the resulting diminution in public access to copyrighted material, is discussed in Part III.B.3.

B. In Opposition to a General Performance Right in Sound Recordings

1. Sound Recording Owners and Artists Already Receive Adequate Compensation from the Promotional Benefit of Radio Airplay

The promotional effect of radio broadcasting on sales of sound recordings has provided the strongest justification for not enacting a general performance right. Radio broadcasters do not dispute that artists and producers deserve compensation for the public performance of their works, but insist that such compensation already occurs indirectly through the promotional benefit of "free airplay." The broadcasters' theory of indirect compensation from promotional effects turns the recording industry's eq-

would promote incentives for increased production of such types of music." *See* O'Dowd, *supra* note 6, at 267.

191 *See* Fisher, *supra* note 52, at 51 (citing Steven Rosen, *The Economics of Superstars*, 71 AM. ECON. REV. 845-58 (1981)).

192 *Id.* at 52.

193 *See infra* notes 69-70 and accompanying text.

uity-based argument on its head.[194] This position was perhaps best summed-up by James Popham, an attorney for the National Association of Broadcasters (NAB), during Congressional hearings in 1975:

> It is . . . the efforts of radio broadcasters that are primarily responsible for huge record sales and huge audiences at recording artists' concerts. We insure broad exposure for creative work via airplay of records, and thereby, promote and stimulate the sale of original artistry. We, too, insure appropriate [rewards] for creative endeavors and encourage additional creative efforts by record companies and recording artists.[195]

The current picture of the radio broadcasting industry, rife with a practice known as "payola," gives credence to broadcasters' promotional argument.[196] As such, a complete analysis of the performance right debate cannot ignore the widespread presence of payola in radio.

a. Payola and the Demonstrated Importance of Airplay to Sound Recording Sales

The phenomenon of "payola," or record companies' directly paying rock n' roll DJs in exchange for playing certain songs, peaked during the 1950s and 60s and quickly scandalized the American public.[197] Such direct pay-for-play was "a routine part" of the music industry[198] but was ostensibly ended when outlawed by Congressional action in 1960.[199] Not surprisingly, the industry found a loophole, with record labels using a middleman to achieve the same result. Under modern-day payola, an in-

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194 *See supra* Part III.A.2.

195 1978 Report, *supra* note 133, at 163 (citing *Hearings on S.111 Before the Subcomm. on Patents, Trademarks and Copyrights of the Senate Judiciary Comm.*, 94th Cong., 237 (1975)).

196 The term "payola" is a contraction of the terms "payoff" and "Victrola." Payola originated during the 1930s, when DJs first received compensation for broadcasting records played on the Victrola, an early (and very popular) record player. *See, e.g.*, Kathryn Bice, *Alston Awaits ABA's Final Report Before Making Waves*, AUSTRALIAN FIN. REV., Feb. 12, 2000, at 4; Park Moo-Jong, *Korean Version of Payola Scandal*, KOREA TIMES, Feb. 1, 1995, at 5.

197 *See* Brooks Boliek, *Radio Giant Faults Labels: Clear Channel CEO Deflects Pay-for-play Blame*, HOLLYWOOD REP., Jan. 31, 2003, at 1. Payola became a "household word" in 1960 when popular DJ Alan Freed "went down for taking bribes to play records on [ABC affiliate] WINS." Frederic Dannen, *Hit Men/Pink Floyd Hits 'The Wall'/ Experiment Keeps Group's Record Off the Airwaves*, HOUS. CHRON., Aug. 15, 1990, at 4.

198 Anna Wilde Mathews, *Music Labels Say It Costs Too Much to Get Songs on Radio*, WALL ST. J., June 10, 2002, at B1.

199 Pub. L. No. 86-752, § 8(b), 74 Stat. 896 (1960) (codified at 47 U.S.C. § 508 (2000)).

dependent promoter pays a set fee, generally between $100,000 and $400,000,[200] to create an exclusive arrangement with a radio station under which it will represent the station in relations with record companies.[201] Record companies, in turn, pay the promoter, who is responsible for "suggesting" songs to be played by its client radio stations.[202] Labels typically pay between $800 and $5,000, depending on market size, to a promoter for each song added to a station's playlist.[203] Nationwide, labels will often spend from $200,000 to $300,000 for one song's promotion, and at times may spend up to $1,000,000.[204]

For purposes of the performance royalty debate, the function and practice of payola reveals the importance and value of radio airplay to the recording industry's bottom line. In complaining about the high cost of payola, artists cite the *need for radio play* as a means to achieving record sales. For those without financial means, payola blocks that crucial avenue to success. Rapper Chuck D, for example, slams the practice in a song called *Crayola*, singing that "[p]ay for play is the only way to get them platinum plaques."[205] One struggling artist told an ABC News reporter investigating payola that "[r]adio's the standard for music. That's where most people go to hear new music."[206]

Legal commentators concur as to the rationale for payola's existence. As a recent article explained, "[a]lthough the practice of payment for broadcast may seem inconceivable to listeners, the reality of the high stakes music industry is that songs must receive airplay if both the recording artist and the record label are to survive."[207] Professor Ronald Coase, defending the practice in 1979, described payola as a "price mechanism for

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200 Bill Reynolds, *Why Your Local Radio Station Sounds Like This*, GLOBE & MAIL (Toronto), Aug. 3, 2002, at R1.

201 *Marketplace: Some Radio Stations to End the Practice of Accepting Feeds from Record Promoters for Payments* (Minnesota Public Radio broadcast, Oct. 22, 2002).

202 Boliek, *supra* note 197.

203 Reynolds, *supra* note 200.

204 Mathews, *supra* note 198.

205 *20/20: Profile: Radio Stations only play music on air after being paid by independent promoters* (ABC News broadcast, May 24, 2002). The term "platinum plaque" refers to a record that has sold over one million copies. *See, e.g.*, Paul Sexton, *Depeche Mode, Others, Attain Platinum Status*, BILLBOARD, Aug. 18, 2001, at 41.

206 *Id.*

207 Lauren J. Katunich, *Time to Quit Paying the Payola Piper: Why Music Industry Abuse Demands a Complete System Overhaul*, 22 LOY. L.A. ENT. L. REV. 643, 644 (2002).

efficiently allocating this scarce but otherwise unpriced on-the-air advertising of popular music."[208]

The fact that record companies, faced with a recent downturn in sales, are seeking a reduction in payola does not at all change the implication of the practice on the performance royalty debate. They complain only of paying "ever higher promotional sums in an attempt to influence radio play, with diminished results."[209] Note that no label seeks an actual diminishment of the *ability* to influence radio airplay decisions. Rather, they hope for a more economically efficient means to do so. Comments of artists and legal observers all point to the same reality: unless a new sound recording receives significant airplay, it cannot hope to achieve equally significant sales in record stores. The widespread presence of payola strongly suggests that record companies and artists receive a net promotional benefit from the public broadcasting of new sound recordings.

b. Recording Industry Response to the Promotional Argument

The recording industry has failed to respond directly to the strong evidence, found in the widespread practice of payola, that the public broadcasting of sound recordings provides significant promotional benefits. Nevertheless, the strength of broadcasters' payola contentions are diluted by certain countervailing factors. First is the issue, as discussed in Part III.A.2, of equity. Also, relatively new recordings are the only ones that receive a promotional benefit. The following discussion explores both factors and considers their effect on the weight of broadcasters' promotional argument.

1) Equitable Response

Supporters of a blanket performance right in sound recordings often counter the promotional argument by resorting to notions of equity. While the argument is similar to that described above in Part III.A.2, here it is more specific. Whether or not record companies profit from radio airplay, it is certainly the case that radio stations benefit as well. For instance, in the Los Angeles market, year-end radio advertising revenue for one recent year totaled $846 million.[210] Advocates for a performance right thus ask: where would radio be without sound recordings?

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208 J. Gregory Sidak & David E. Kronemyer, *The New "Payola" and the American Record Industry: Transactions Costs and Precautionary Ignorance in Contracts for Illicit Services*, 21 HARV. J.L. & PUB. POL'Y 521 (1987) (citing Ronald H. Coase, *Payola in Radio and Television Broadcasting*, 22 J.L. & ECON. 269 (1979)).

209 Mathews, *supra* note 198.

210 Frank Saxe, *Noted*, BILLBOARD, Feb. 10, 2001, at 75.

It is demonstrably evident, as a matter of logic, that terrestrial radio is benefiting from the use of sound recordings without having to tender payment for that right. The primary economic motivation for traditional radio broadcasters in playing music is income, not the beneficent promotion of records. Note that it is advertising, not payola, that provides radio broadcasters their primary revenue stream. The advertisers, in turn, pay for the attention of listeners, who tune-in to hear music, not commercials. Without sound recordings, this chain would be broken, and radio broadcasters would suffer immense losses. As a radio station manager in Los Angeles candidly testified to Congress in 1975, "if it came to dropping ashtrays and that was a very popular sound, [radio broadcasters] would drop ashtrays."[211]

As noted earlier, recording artists further argue that even if there is a promotional effect to broadcasting, that effect runs to the composers and music publishers as well, who nevertheless receive a public performance right.[212] This contention, however, is significantly weakened by the mechanical license provisions of the Copyright Act. Recall that the royalty paid to owners of musical compositions for the reproduction of their works in recorded form is capped at a specific amount.[213] Owners of sound recording copyrights, however, are not subject to any statutory limitations for income generated through album sales.[214] Compensation from the performance royalty in musical compositions thus serves a legitimate purpose in narrowing that regulatory gap.

2) Market-Based Response

Perhaps a stronger argument for the recording industry is that older works, which nevertheless may be widely broadcast, do not fit into the rubric of promotion through public performance. For example, while the Big Bopper's 1958 hit *Chantilly Lace*[215] can be heard throughout the country on countless oldies stations, there is, to be sure, no payola being sent to those stations by the late artist's record company, Mercury. Therefore, while many listeners tune in to hear that and other such past hits, there is little resulting promotional benefit to sound recording copyright owners. The same holds true for classical stations. They are unlikely to receive payola for playing Glenn Gould's recording of J.S. Bach's *Goldberg Variations*,[216] (say, Variation 20), and the sound recording's public broadcast

211 1978 Report, *supra* note 133, at 168.
212 *See infra* Part II.A.2.
213 *See infra* note 28 and accompanying text.
214 *See* Fisher, *supra* note 52, at 24.
215 BIG BOPPER, *Chantilly Lace*, *on* CHANTILLY LACE (Mercury 1958).
216 GLENN GOULD, A STATE OF WONDER: THE COMPLETE GOLDBERG VARIATIONS (Sony Classical 2002).

will lead to few, if any, increased CD sales royalties for the Gould estate and Sony Classical.

As an economic matter, older songs do not receive the promotional benefit that may justify the general lack of a performance right in sound recordings. Once the promotional benefit diminishes, the recording industry is left with a considerably stronger argument in calling for a public performance right in sound recordings.[217]

c. A Possible Resolution to the Promotional Argument

Faced with competing forces influencing the merits of broadcasters' promotional arguments, a unique compromise may be in order. When a sound recording is in its adolescence, subject to massive record sales spurred by widespread radio broadcast, there may be no rational justification for affording a "windfall" to labels and artists in the form of a public performance royalty. Once that initial period has passed, however, a right of equitable remuneration should initiate.

Peter L. Felcher, a New York entertainment lawyer, has suggested such a compromise. Under his approach, the performance right would commence five years after a record's initial release.[218] He reasons, "[t]he vast majority of broadcasters playing a recording after five years will be stations that had nothing to do with originally promoting the recording, who are then doing nothing particularly significant to increase anyone's income other than their own."[219] While the appropriate "grace period" for broadcasters is subject to debate, the sentiment expressed by Mr. Felcher is certainly compelling.[220]

The proposed compromise recognizes the failings of arguments put forth by both sides. The current position of broadcasters ignores the ephemeral nature of airplay's promotional benefit, while that of sound recording copyright owners fails to recognize the initial value of airplay. The most reasonable conclusion is that any new public performance right in sound recordings should be tempered by a statutory "safe harbor" during that period in which sound recording sales are most influenced by radio airplay.

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217 *See, e.g.*, 1978 Report, *supra* note 133, at 164; O'Dowd, *supra* note 6, at 267.

218 Peter L. Felcher, *Commentary: Performance Right Compromise*, BILLBOARD, Aug. 12, 1995, at P6.

219 *Id.*

220 As to the length of the grace period, there is a very real possibility that DJs would be pressured by broadcasters to avoid playing older songs. This concern may suggest that the safe harbor should be relatively short in duration, perhaps in the one-year range, so that the body of royalty-free songs from which to choose is not too voluminous.

2. A Performance Right Would Bankrupt Radio Broadcasters

Radio broadcasters and similarly aligned stakeholders contend that a general performance right in sound recordings would be unduly burdensome. Specifically, broadcasters argue that with allegedly "substantial" payments totaling about $300 million per year to composers and publishers, they could not possibly afford additional performance royalty obligations.[221] To analyze the merit of the undue burden contention, it is helpful to consider past and present radio broadcasting industry economic data.

a. Industry Data

The actual financial impact of a general performance royalty on radio broadcasters is, of course, difficult to estimate. It was for the 1978 report of the Register of Copyrights that an extensive economic analysis of this subject was last published.[222] The nature of radio, of course, has changed much since then. Today, the industry is bigger and vastly more consolidated. One large corporation, Clear Channel Communications, with ownership of over 1,200 stations, reaches more than one-third of the American population.[223] It and the next nine largest companies in radio embrace two-thirds of listeners and revenue.[224] At the local level, many markets are dominated by four firms with control of over 70% of market share.[225] The consolidation is the result of changes enacted in the Telecommunications Act of 1996 which dramatically deregulated rules regarding ownership of multiple radio stations.[226]

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[221] Saxe, *supra* note 35, at 1. *See also* 1978 Report, *supra* note 133, at 48 ("NBC argued that performance royalties would present an unwarranted financial burden to much of the broadcasting industry . . ."). In fact, many large radio conglomerates, such as Clear Channel Communications, have decided not to retransmit their signals over the Internet, claiming an inability to tolerate even the digital performance royalty payments which they would be obligated to pay to artists and record companies under the DPRA and DMCA. *See* Adrian McCoy, *Commercial Stations Face Hurdles*, PITT. POST-GAZETTE, May 27, 2001, at G3.

[222] 1978 Report, *supra* note 133, at 161. In her report, the Register found that broadcasters could in fact afford the additional cost of new performance royalties. The RIAA successfully persuaded her with the argument that "since a performance royalty for sound recordings would affect all radio stations of similar size equally, it will not substantially affect interstation competition." The 1978 Report concluded that only those stations truly operating at the margin would be significantly affected by the adoption of a general performance right. *Id.*

[223] Jenny Toomey, *Empire of the Air*, THE NATION, Jan. 13, 2003, at 28.

[224] *Id.*

[225] *Id.*

[226] Telecommunications Act of 1996, Pub. L. No. 104-104, § 202, 110 Stat. 56.

Radio stations have reaped great benefits from the economies of scale achieved as a result of consolidation. As one observer explained, "[o]wners knew that if they could control more than one station in a local market, they could consolidate operations and reduce fixed expenses. Lower costs would mean increased profit potential."[227] Clear Channel, for example, grew from forty stations before the 1996 Act to 1,270 stations in 2004.[228] In view of Clear Channel's and other conglomerates' decision to purchase thousands of radio stations, it is reasonable to assume that the consolidated business of radio is, in the long term, a profitable enterprise.

Even in the wake of the burst economic "bubble" of the late 1990s, radio's financial health remained intact. For example, radio's total revenue for 2002 increased by 6% over the 2001 figures, with purely local ad revenue up 4% and national revenue jumping 13%.[229] Radio remains financially strong, and in the past ten years, radio revenue has grown steadily.[230] It is interesting to note that at the peak of the dot-com bubble, radio revenue measured $19.848 billion, but the four quarters preceding October 31, 2003 saw an only slightly smaller figure of $19.575 billion.[231] Moreover, radio's share of overall ad revenue is growing in relation to other media, crossing for the first time in recent years the 8% media market share barrier.[232] And continued overall growth in the American economy will surely benefit radio broadcasters as well.[233]

Thus, given the economies of scale reaped by a remarkable consolidation of station ownership and recent figures showing steadily increasing revenue, it appears that the radio industry is poised for a healthy future. The imposition of some form of new performance royalty would therefore not cause significant financial harm for the vast majority of radio broadcasters. Rather, it would involve a change in the current business model,

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227 Toomey, *supra* note 223, at 28.

228 *Id. See also Clear Channel Communications*, HOOVER'S CO. PROFILES, Apr. 21, 2004, *available at* 2004 WL 72941707.

229 Press Release, Radio Advertising Bureau (RAB), "Radio's Time Has Come": RAB's Gary Fries Delivers "State of the Radio Industry" Address at RAB2003, *available at* http://www.rab.com/new_rst.cfm?id=119&from=archive#article1 (last visited May 10, 2004). Overall radio advertising revenue figures for 2003 had not been released at time of this article's publication.

230 *Id.*

231 *Id.* As the President and CEO of the Radio Advertising Bureau has explained, "[t]he people in this business have learned how to grow during tough times and that's going to make it a lot easier to take advantage of forward momentum as the times continue to improve." *Id.*

232 *Id.*

233 *See Ahead of the Tape*, WALL ST. J., Jan. 23, 2004, at C1 ("Tack on corporate profits (up 25% in the third quarter of 2003), the low cost of raising money and strong profit margins, and the picture of corporate health looks rosy indeed.").

requiring the radio conglomerates to simply decide how best to absorb or pass on added royalty costs.[234]

b. Limitations on the Industry's Ability to Pay

There is a caveat. Although the industry can certainly pay *a* royalty, it cannot pay at an unconscionable rate. If the rate is set at a level and structure similar to that of the public performance royalty for musical compositions, as occurs in many leading foreign countries,[235] it is sensible to assume that broadcasters can withstand the effects of new performance fees (a reasonably modest $300 million per year across the industry).[236] If, however, the recording industry were to lobby for and obtain a rate set considerably higher than the musical composition public performance royalty, broadcasters would have a much stronger argument in opposing a new right.

If recent history is any lesson, broadcasters would be justified in assuming that the recording industry may seek unreasonable terms for a new performance right, either in the license structure or in specific royalty rates.[237] For example, in the time between passage of the DPRA and DMCA, the RIAA filed comments with the Copyright Office urging that the recording industry, rather than the government, should have the right to determine the fees to be paid by webcasters.[238] Given the RIAA's suggestion that the rate be set at .4 cents per individual listener reached, a number nearly six times larger than the arguably high .07 cents rate

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234 Note a similar prediction made by an Internet industry analyst, Mark Mooradian of Jupiter Communications, who called the imposition of the digital performance royalty "a change in existing business models for companies specializing in Internet radio, rather than a dramatic impact for good or bad." *See* Taylor, *supra* note 110, at 1.

235 *See* Copyright Arbitration Royalty Panel, Library of Congress, In the Matter of Digital Performance Right in Sound Recordings and Ephemeral Recordings, CARP DTRA 1&2, Docket No. 2000-9, at 19-38 (2000) (rebuttal testimony of William W. Fisher III) [hereinafter Fisher rebuttal testimony]. Prof. Fisher concludes that in nine jurisdictions, economic data suggests that licenses to broadcast sound recordings are no more valuable than licenses to broadcast musical work. The jurisdictions are Australia, Canada, France, Germany, the Netherlands, Norway, Spain, Sweden, and the United Kingdom. *Id.*

236 *See infra*, note 221 and accompanying text.

237 Bill Holland, *Music Business Urges Congress to Adapt Performance Right*, BILLBOARD, Apr. 3, 1993, at 6 ("For the first time in 12 years, the U.S. record industry officially asked Congress March 25 to create a performance right in sound recordings, saying near-future digital delivery systems could severely hurt the industry unless there are [new] copyright safeguards.").

238 Brett Atwood, *Net Music Broadcasts May Need Another License*, BILLBOARD, May 17, 1997, at 8.

adopted by the Librarian of Congress,[239] webcasters were correct to fear that the lack of a compulsory license would have resulted in unconscionable fees.[240] Note that a .4 cent fee would have cost a large webcaster with an average audience of 40,000 listeners' royalties of approximately $23 million per year.[241] Viewed against a historical backdrop under which both mechanical and musical composition performance licensing terms have been successfully administered under the tempering effect of a legislative or judicial lever, the recording industry's request for unbridled power in establishing webcasting rates bordered on the inequitable.[242]

After losing the compulsory license battle, the RIAA did not retreat to a more reasonable position. Although not as high as the amount officially requested by the RIAA, the per-performance rate adopted by the Librarian of Congress was, in some cases, hundreds of times greater than the percentage-of-revenue musical composition royalty required of webcasters by ASCAP and BMI.[243] In the wake of the Librarian's determination, hundreds of webcasters ceased operations. While some faced an uncertain future in any event, many attributed their downfall to the high per-performance sound recording royalty fees.[244] Other webcasters

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239 Report of the CARP, *supra* note 93, at 27. Note also that the Digital Music Association (DiMA), the webcasting trade group, suggested a fee of 0.015 cents per song per listener. While the rate reached by the Librarian of Congress is 4.667 times greater than that proposed by DiMA, the .4 cent rate asked for by the RIAA would have been 26.667 times greater than the webcaster number. *See* Bates, *supra* note 119, at B8.

240 *Id.* ("Many webcast businesses are concerned that a new fee might cripple the webcast industry while it is still in its infancy. There is particular concern about the RIAA's suggestion that record companies and recording artists should be responsible for establishing the fee, which is likely to be higher than a compulsory licensing fee, according to a number of sources.")

241 Clark, *supra* note 29.

242 *See infra* Parts II.A.1 & II.A.2. In fact, as members of a highly concentrated industry, recording companies would be far more apt than are music publishers in securing oligopolistic rates in the absence of a compulsory license. The top five U.S. record companies control over 85% of the market for phonograms. *See* Brandon Mitchener & Philip Shishkin, *Time Warner, EMI Face the Music in Brussels*, WALL ST. J., Sept. 6, 2000, at A18. Recall also that music publishers are constrained by the PRO consent decrees, while there is no guarantee that recording companies would be similarly inhibited.

243 Bill Holland, *House Oks Webcast Royalty Bill; Foes Take Case to Senate*, BILLBOARD, Oct. 19, 2002, at 1 ("Small Webcasters had complained to Congress that the rate set by the Librarian of Congress . . . was exorbitant and would drive them out of business. The rate amounted to 70 cents per song per 1,000 listeners. In many cases, it would have been hundreds of times higher than the songwriter royalty rates already paid by both traditional broadcasters and Webcasters.").

244 William Glanz, *U.S. Webcasters Hit Hard by Royalties Decision; More than 30% of Stations Have Quit Airing Music*, WASH. TIMES, Sept. 21, 2002, at

sought to survive by reincorporating abroad.[245] As a result of the closings and relocations, for the first time in history, international webcasters now outnumber channels based in the U.S.[246]

As noted in Part II.B.2.a, the RIAA ultimately yielded and agreed to a percentage-of-revenue formula for small webcasters.[247] It is unlikely that the industry would have capitulated but for an onslaught of intense political pressure.[248] Had the RIAA stuck to the position it held over the previous decade, many additional webcaster bankruptcies and relocations abroad would have occurred as a direct result of performance royalty fees set at a level far above that for the public performance (digital or otherwise) of musical compositions.

While Congress is partly responsible for its decision to instruct the CARP to set a rate on an ambiguous "willing buyer/willing seller" metric,[249] the RIAA bears much of the blame for its distortion of that standard by overestimating the value of the digital public performance license. The experience of fledgling webcasters before a politically powerful recording industry demonstrates the importance of setting any new performance royalty at a genuinely reasonable rate.

3. *A New Public Performance Right Would Impose Undue Costs on the Public's Right of Access to Sound Recordings*

The age-old response to the incentive argument for a new performance rationale, as described in Part III.A.3, is to emphasize the counter-

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C10 ("'It is directly related to the royalty dispute,' said George Bundy, chairman and chief executive of BRS Media, Inc., a San Francisco firm that compiled the [report regarding a shutdown of 1,770 webcasters in a one year period].").

245 *See, e.g.*, Ashley Norris, *Internet Radio Stations May Have to Shut Up Shop*, GUARDIAN (London), Oct. 17, 2002, at P7. Although most European countries have or are contemplating a digital performance right, the rates there are lower than in the U.S. *See* Fisher rebuttal testimony, *supra* note 235, at 19-38.

246 *European Webcasters Poised to Dominate Web Radio*, EUROPEMEDIA, Sept. 12, 2002, *available at* 2002 WL 10691243.

247 SoundExchange Letter, *supra* note 103.

248 Indeed, the Small Webcaster Settlement Act of 2002 states, "Congress has strongly encouraged . . . copyright owners . . . [and] the small webcasters to . . . arrive at an agreement that would include a fee based on a percentage of revenue." *See* Small Webcaster Settlement Act of 2002, Pub. L. No. 107-321, § 2, 116 Stat. 2780.

249 *See* 17 U.S.C.A. § 114(f)(2)(B) (West Supp. 2003). The "willing buyer, willing seller" metric did not necessarily require the CARP to adopt a per performance royalty structure, as demonstrated by recent Congressional action in enacting the Small Webcaster Settlement Act of 2002. *See infra* note 107 and accompanying text.

vailing costs of the copyright monopoly on the public's right of access to information. Because information (here, music) is a public good,[250] its use by one party does not affect any other party's simultaneous or future use. In light of this reality, the creation of property rights in information imposes a burden on the public.[251] The Copyright Clause of the Constitution explicitly recognizes the danger of such costs, insisting that the grant of the copyright monopoly be tethered to some concomitant public benefit (i.e., the development of future works).[252] In accordance with this basic constitutional principle, opponents of a general public performance right could argue that the costs imposed on the public would outweigh any alleged incentive effect.

A wise strategy for broadcasters would be to attempt a subtle argument, depicting their position "not as a squabble over who would get the benefit of existing works," but rather as a genuine resolution of the "conflict between creation and use."[253] On the creation side, broadcasters could rely on the argument, described in Part III.B.1, that performers and producers already have the necessary incentive to create recordings due to the promise of CD sales. Pointing to the vast quantity of recorded music,[254] they could consequently argue that any additional incentive effect would be unnecessary. On the burden side, however, broadcasters could decry the alleged effects of a new right on the broadcasting industry's competitive welfare, as described above in Part III.B.2.

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250 *See, e.g.*, Alfred C. Yen, *The Legacy of* Feist*: Consequences of the Weak Connection Between Copyright and the Economics of Public Goods*, 52 OHIO ST. L.J. 1343, 1366 (1991). ("[P]ublic goods exhibit nonrivalrous consumption and nonexcludability. To take a common example of a public good, consider a lighthouse. While only one person may consume an apple, any number of sailors can use a lighthouse to be warned of imminent danger. While the seller of an apple can prevent nonpurchasers from enjoying it, the lighthouse owner has no method of extracting payment from all who benefit from the beacon.")

251 *See* MARSHALL LEAFFER, UNDERSTANDING COPYRIGHT LAW § 1.8[B] (3d ed. 1999); Frank H. Easterbrook, *The Supreme Court and the Economic System*, 98 HARV. L. REV. 4 (1984). Judge Easterbrook's article provides a comprehensive analysis of the tradeoffs between the *ex post* and *ex ante* visions of intellectual property.

252 *See infra* note 182 and accompanying text. *See also* Wendy J. Gordon, *Authors, Publishers, and Public Goods: Trading Gold for Dross*, 36 LOY. L.A. L. REV. 159, 161 (2002) ("The Constitution's Copyright and Patent Clause is explicit both in recognizing that copyrights and patents must serve the public benefit, and in articulating a primary tool needed to serve that goal: limits on duration.").

253 Easterbrook, *supra* note 251, at 27.

254 For the year 2002, the RIAA reported 33,443 new album releases. *See* Jane Black, *Big Music's Broken Record*, BUS. WK. ONLINE, Feb. 13, 2003, *available at* 2003 WL 6951839.

The strength and credibility of the social costs claim is entirely dependent on the broadcasters' ability to establish its other primary arguments. Like the recording industry's opposing incentive argument, the social costs rationale is thus unlikely to be persuasive on its own right. Yet backed by the inertia of the status quo, this argument could be helpful in persuading policymakers to oppose any new performance right in sound recordings.

IV. WHAT SHOULD A PUBLIC PERFORMANCE RIGHT IN SOUND RECORDINGS LOOK LIKE?

In the sound recording performance rights debate, positions advocated by broadcasters are the polar opposite of those taken by recording artists and labels. Considering all the factors, it is likely that neither claim is entirely meritorious. Both are too extreme to be supported by available evidence.

Radio broadcasters ignore what would amount to at least some international harmonization and added foreign royalties, as well as the potential creation of new works that would not be economically viable without a performance royalty. Furthermore, broadcasters fail to adequately account for the possible inequity of granting performance royalties to those who compose music but not to the artists and record labels who help bring that music to life. Lastly, claims of an inability to afford *any* new performance royalty seem hollow considering the strength of the newly consolidated American radio industry.

On the other extreme, supporters of a performance right in sound recordings have asked for too much. They overestimate the international harmonization and royalty effects of the right, given that many countries could choose to opt-out of the Rome Convention's performance royalty obligations if faced with a sudden upsurge in the outflow of payments to the U.S.[255] The recording industry's otherwise viable fairness arguments are diluted by the widespread practice of payola, demonstrating that radio airplay serves a key promotional benefit for the sale of new sound recordings. Also, supporters of a new performance right have not yet indicated the size of the corresponding royalty rate. That omission is not insignifi-

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[255] *See* discussion *infra* Part III.A.1. In his recent article calling for a full public performance right, Prof. Kettle writes that "[i]n light of the very lucrative entertainment export [of the U.S.], it remains questionable as to why Congress has not exercised its powers to maximize the economic benefits of the music export." Kettle, *supra* note 6, at 1074. Kettle implies that a wave of new revenues would result from the adoption of a full performance right, ignoring the destabilizing effects of U.S. accession to the Rome Convention. Recall his assertion that "[s]ince the United States does not provide a full public performance right for sound recordings, American recording artists and record labels are not entitled to receive the millions of dollars in foreign royalties collected that would otherwise be payable." *Id.* at 1075.

cant. An excessive rate could lead to socially harmful industry exit, as evidenced by the precedent of the RIAA's treatment of fledgling webcasters.

While it is evident that neither side's position is entirely accurate, one thing is clear: currently, broadcasters are winning the debate over performance rights in sound recordings. As discussed in Part II.B.2.b, the adoption of a digital performance right in sound recordings did not provide a significant net gain to artists and labels. Although the digital performance royalty has likely been set at a rate that overcompensates for the substitution effect,[256] the excess performance royalties do not amount to the roughly $300 million paid out each year by broadcasters to the copyright owners of musical compositions.[257] It is therefore not appropriate to rely on the digital performance right in gauging the status of the debate regarding general performance royalties for traditional methods of public performance.

Congress should pass an amendment to the Copyright Act approaching, but not reaching, a general performance right in sound recordings. While reform is warranted, U.S. copyright law should not succumb to the efforts of the recording industry to achieve an unencumbered general performance right in sound recordings. Only a performance right that recognizes the value of radio airplay to the standard business plan of record companies, and that closely mirrors the structure of the performance royalty for musical compositions, can be justified on an equitable basis. Congress should repeal section 114(a) of the Copyright Act and enact a public performance right in sound recordings, yet ought do so only if limiting that right with a compulsory license, a ceiling on the royalty rate tethered to that charged for the ASCAP/BMI musical composition licenses, and a statutory "safe harbor" during which period new sound recordings could be publicly performed without remuneration to record labels or artists.

256 *See, e.g.*, Fisher rebuttal testimony, *supra* note 235, at 38 (supporting the position of webcasters' that "licenses to broadcast sound recordings are no more valuable than licenses to broadcast musical works.").

257 Clark, *supra* note 29 (quoting a figure of $15 million as the amount at stake in the digital performance royalty debate for the period 1998 to 2002).

ACCESS MADE ACCESSIBLE SHAPING THE LAWS AND TECHNOLOGIES THAT PROTECT CREATIVE WORKS

by DAVID MCPHIE*

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I. INTRODUCTION

Assessments of the current state of copyright law in the nations of the world are, appropriately enough, all over the map. Some commentators note with apprehension what appears to be the continuous and steady progress of the ratchet of intellectual property protection, moving, seemingly inexorably, toward stronger and stronger protection at every turn.[1] At the

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[1] *See, e.g.*, William W. Fisher III, *The Growth of Intellectual Property: A History of the Ownership of Ideas in the United States*, *in* EIGENTUMSKULTUREN IM

same time, however, authors and owners of copyrights (including the big copyright conglomerates[2]) bemoan that they have less control over their creative works than ever before, as the technologies of copying and distribution increasingly connect the computers of the world to form an internationally-networked "piratical bazaar."[3]

These assertions are not as contradictory as they may seem; after all, the very technological progress that facilitates reproduction, distribution, and access to creative works also makes possible more stringent regulation of those same activities.[4] The question is not "who does technology help?" but rather "whose technology will prevail?" Furthermore, as the law adapts to address the novel questions that new technological contexts bring, the nature of those legal developments may themselves strongly influence the outcome of these struggles. The result is an interminable cycle of measures and countermeasures, both legal and technological.[5] For elec-

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VERGLEICH 265 (1999), *available at* http://eon.law.harvard.edu/property/history.html (English version) (last visited June 1, 2002) ("With rare exceptions, the set of entitlements created by each of the doctrines [of intellectual property law] has grown steadily and dramatically from the eighteenth century to the present."); Thomas C. Vinje, Opinion, *Should We Begin Digging Copyright's Grave?*, 22 EUR. INTELL. PROP. REV. 551, 558-59 (2000) ("[C]opyright has come to have . . . more and more to do with the interests of powerful industrial actors . . . . [T]heir voices are heard disproportionately in the halls of European Union power . . . . [O]ne cannot expect to see the adoption of balanced and well-formulated copyright legislation [in these circumstances].").

[2] *E.g.*, the Motion Picture Association, the International Federation of the Phonographic Industry, the Business Software Alliance, and all of their national affiliates.

[3] Complaint ¶ 1, Metro-Goldwyn Mayer Studios, Inc. v. Grokster, No. 01-08541 SVW (C.D. Cal. filed Oct. 3, 2001). *See also* Dean S. Marks & Bruce H. Turnbull, *Technical Protection Measures: The Intersection of Technology, Law, and Commercial Licenses*, 22 EUR. INTELL. PROP. REV. 198, 198-99 (2000) ("In recent years . . . certain advances in technology have added a dramatic new dimension to [the] dilemma [of copyright infringement]. . . . Today, an individual consumer . . . can make and distribute an unlimited number of high quality unauthorized copies of works.").

[4] Lawrence Lessig makes this point clear, see LAWRENCE LESSIG, CODE AND OTHER LAWS OF CYBERSPACE 127 (1999), though he appears to assume that the technologies of control are bound to prevail ("We are . . . entering a time when copyright is more effectively protected than at any time since Gutenberg. . . . [It is] a time when the protections are being perfected . . . ."). *Id. See also* Raymond S.R. Ku, *The Creative Destruction of Copyright: Napster and the New Economics of Digital Technology*, 69 U. CHI. L. REV. 263, 296 (2002) ("[E]ven though the copying costs for initial distributors will decrease [as a result of technological advances], they will be forced to compete with a greater number of copiers and copies.").

[5] *Cf.* Steven P. Reynolds, *Antitrust and Patent Licensing: Cycles of Enforcement and Current Policy*, 37 JURIMETRICS J. 129, 131 (1997) (describing the his-

tronic civil libertarians, the cycle is characterized as a continuous sequence of innovations enabling use and enjoyment of media, followed by vigorous attempts (on the part of selfish copyright holders) at repression of those innovations. The copyright holders, by contrast, largely characterize the cycle as an unending series of attempts to build stable markets for authors such that creativity will flourish, only to have those markets repeatedly undercut by greedy and mischievous hackers, seemingly bent on ruining things for everyone else.

However it is characterized, this incessant back-and-forth has left copyright in a state of significant upheaval and confusion. Laws protecting creative works have grown unseemly appendages in reaction to perceived threats; often, this results from a failure to understand the fine points of the technological developments that the law purports to respond to. More importantly, however, copyright law increasingly evinces structural infirmities that render it inadequate for dealing with a digital regime. Said another way, as new and sophisticated technologies emerge, the technologies themselves are making apparent the inherent weaknesses in the whole of copyright law as it exists today.

Nowhere is this more apparent than in the ongoing international development of rights against circumvention of technological controls protecting copyrighted works. These laws are inartful at best, confusing and contradictory at worst, and betray a certain failure to correctly frame the basic principles underlying copyright law and the technologies that support it. In the absence of a correct understanding, of course, there is little hope of answering the critical (and these days, volatile) question of how we can craft these laws such that they meet the demands of our technological age, and specifically, such that authors are provided adequate (but not excessive) protection for their creative works. This is the question that this article takes up, by attempting to pull together the sometimes disparate strands of law and technology at work here, in an attempt to weave a unified model that facilitates analysis of these complicated issues.[6] This model makes use of Jane Ginsburg's idea of "access" as the proper lens through which we should understand authors' rights.[7] In access, we find a

tory of patent and antitrust law in the U.S. as a series of "waves" of hostility and aggressive enforcement, followed by more relaxed "consolidation periods").

[6] The inquiry will involve an examination and comparison of the legal developments in international treaties and various individual regions (focusing on Europe, the United States, Japan, and Australia). The technologies involved, of course, naturally operate independent of their locale of implementation.

[7] *See* Jane C. Ginsburg, From Having Copies to Experiencing Works: The Development of an Access Right in U.S. Copyright Law (Columbia Law Sch. Pub. Law & Legal Theory Working Paper Group, Working Paper No. 8,

fresh way of conceiving both how the law ought to protect authors and how technology facilitates that endeavor; the concept is thus one that may well be used to consolidate and illuminate the law as it continues to evolve.

II. ACCESS, AUTHORS, AND AUTHORIZATION

A. Access Right as a Way of Providing Incentive for Authors

The chief problem that authors face with respect to their creative works is that the cost of authorship often vastly outweighs the marginal cost involved in allowing one more person to enjoy the work.[8] In the absence of legal or other protection, then, authors would have little incentive to write, since upon finishing a work, an enterprising (free-riding) publisher could simply obtain one authorized copy, make a bunch of cheap duplicates, and sell them to the author's intended clientele. Because the publisher bears only the cost of publication, and not the cost of authorship, the unauthorized copies are bound to be less expensive, and hence more popular, than the authorized versions (absent the existence of an unusually loyal readership). Where the astute author can anticipate just such a result, she will naturally have little reason to write. This is not to say that authors do not sometimes write for reasons other than money; yet surely there would be far fewer works authored in such a regime.[9]

Broadly speaking, government is presented with a choice of two options when facing this sort of "public good" problem. The government itself may opt to provide the good, or subsidize its production, and then allow free access or access at cost to the tax-paying public (that is, everyone).[10] Alternatively, government may allow private parties to create the

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2000), *available at* http://papers.ssrn.com/paper.taf?abstract_id=222493 (last visited June 1, 2002).

[8] *See* William M. Landes & Richard A. Posner, *An Economic Analysis of Copyright Law*, 18 J. LEG. STUD. 325 (1989) ("While the cost of creating a work subject to copyright protection . . . is often high, the cost of reproducing the work . . . is often low. And once copies are available to others, it is often inexpensive for these users to make additional copies.").

[9] *See* LESSIG, *supra* note 4, at 133 ("[E]ven if some authors write for free, it is still the case that the law needs some intellectual property rights."). *See also* Jane C. Ginsburg, *A Tale of Two Copyrights: Literary Property in Revolutionary France and America*, 64 TUL. L. REV. 991, 1013 (1990) (suggesting that the book trade in revolutionary France suffered during a period in which rights for publishers were curtailed).

[10] For example, the National Endowment for the Arts and the National Science Foundation help fund arts and basic scientific research that will benefit the public generally. For an argument favoring an ambitious expansion of this approach, see Steven Shavell & Tanguy van Ypersele, *Rewards versus Intellectual Property Rights*, 44 J.L. & ECON. 525 (2001) (arguing that the current

good, and then assist them in excluding access to it.[11] This second approach is, of course, the one employed in most of what is called intellectual property law.

It is instructive to inquire into the exact manner through which the author turns the ability to exclude into compensation for her efforts. The principal value of an authored work lies in the enjoyment, use, or "experience" of it.[12] So long as the author retains the power to grant or withhold from others the opportunity to experience the work, she will be able to ensure that only those who have paid get that opportunity, and thus the author obtains a reward for her labors.[13] Appropriately enough, a customer will generally only give money to an author in anticipation of just such an opportunity.[14] The author's power to exclude thus creates a viable marketplace for authorship.

As a practical matter, however, it is inconvenient in most contexts to strictly exchange payment for an experience, since the nature of experience can be difficult to meter. One who goes to the movie and sleeps through the whole thing has obviously not experienced the movie for which he paid — would he be entitled to a refund? (And if so, would the attendance rates of self-reporting over-drowsy moviegoers skyrocket?)

It turns out that *access* is a more easily verifiable and quantifiable measure to which one may attach the condition of payment. The notion of access refers to the ability to experience. Every act of perceiving or experiencing of a work must therefore be preceded by an act of access.[15] Access is what happens when one enters a theater, or when one walks out of a store with a book, or when a machine decrypts a video contained on a DVD. Access is authorized in these cases if procured with a movie ticket, a credit card, or a valid DVD player; access is unauthorized if obtained

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intellectual property regime might advantageously be replaced in whole or in part by a government reward system).

11 For example, the United States Constitution provides that authors are to be given an "exclusive Right" to their works. U.S. CONST. art. 1, § 8, cl. 8.

12 Marks & Turnbull, *supra* note 3, at 199 ("[C]ontent owners reap value by having their works seen, heard and read by audiences.").

13 Ginsburg, *supra* note 7, at 3 ("[W]hen the exploitation of works shifts from having copies to directly experiencing the content of the work, the author's ability to control access becomes crucial.").

14 Of course, this is not always the case. *See* Ginsburg, *supra* note 7, at 2 ("Many of us like acquiring works . . . even if we rarely, if ever, in fact read, viewed, or listened to them.").

15 *Id.* Ginsburg is probably the foremost commentator to focus on the idea of access as it relates to authors' rights. *See generally* ALAI Congress 2001, *Adjuncts and Alternatives to Copyright*, *at* http://www.alai2001.org/2001_conference/0_entrance_en.htm (last visited May 7, 2004) (international conference considering, *inter alia*, the concept of access right as a replacement or adjunct to copyright).

through the back door of the theater, the "five finger discount," or the DeCSS decryption software.

It is this notion of access, then, that lies at the heart of the rights that must be given to authors to provide incentives to them.[16] Most rights granted by modern law to authors are simply subsets within this larger scheme.[17]

Of course, to say that some sort of protection for authors is required to induce them to create is not to say necessarily that the scope of the power to exclude access need be maximized at all costs. If the ultimate aim of copyright protection is to promote the public good (e.g., by inducing enlargement of the publicly available supply of creative works), it is apparent that at some point the marginal benefit of increased protection will not yield a concomitant net increase in public welfare.[18] Giving an author an expansive exclusive right to grant access to a particular work might stifle the creation of secondary works that recalled the first (and thereby might be said to provide unauthorized access to it).[19] Indeed, the notion of "access," if construed too broadly, would unduly restrict free speech — natural discourse, commentary, or criticism — that is beneficial to society, and even globally characterized as a basic human right.[20] We will attempt to appropriately weigh these limiting factors as we consider the contours of access regulation.

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[16] *Id.* at 9 (suggesting that, in the digital era, a right to exclude access may be necessary in order to provide "meaningful exclusivity" to authors). *See also* Simon Olswang, Opinion, *Accessright: An Evolutionary Path for Copyright into the Digital Era?*, 17 EUR. INTELL. PROP. REV. 215 (1995).

[17] *See, e.g.*, Thomas Heide, *Copyright in the E.U. and United States: What Access Right?*, 23 EUR. INTELL. PROP. REV. 469, 471 (2001) (characterizing right of divulgation or right of first publication as an access right); Ginsburg, *supra* note 7, at 7-8 (doctrine of RAM copying and the WIPO Copyright Treaty right of communication to the public constitute access rights).

[18] Clauses asserting that copyright is ultimately meant to redound to a public benefit may be found at the heart of the copyright law of many nations. *See, e.g.*, Copyright Law art. 1 (Japan), *available at* http://www.cric.or.jp/cric_e/clj/clj.html (purpose of law is to "contribute to the development of culture" by allowing "fair exploitation" of their works); U.S. CONST. art. 1, § 8, cl. 8 (aim of copyright and patent law is to "promote the Progress of Science and useful Arts").

[19] *See* Thomas Vinje, *Copyright Imperiled?*, 21 EUR. INTELL. PROP. REV. 192, 193 (1999) ("[E]very copyright law must set the limits between the exclusive rights of one author and the opportunity of the next to build on the existing cultural and creative heritage.").

[20] *See* Neil W. Netanel, *Asserting Copyright's Democratic Principles in the Global Arena*, 51 VAND. L. REV. 217, 301 (1998) ("[T]here is reason to posit that the international right to free expression, like the First Amendment, can be abridged by an overly capacious copyright.").

B. Regulating Access

The regulatory goal of authors is to minimize the number of people who gain unauthorized access to their works without unduly impairing authorized access. This aim may be pursued in a variety of ways. Larry Lessig, for example, has grouped the universe of regulatory methods into four broad categories: law, architecture (code), market forces, and norms.[21] None of these methods regulates perfectly, of course; there will always be those who can break the law without getting caught, those who can hack through any technological protection, those who are rich enough to meet any price, and those who are so unflappable as to be thoroughly unfazed by the threat of social ostracism. Regulation need not be perfect to work, however. As Lessig explains, "Locks can be picked, but that does not mean locks are useless."[22] Moreover, where regulatory methods are applied in concert, they may complement one another nicely in practice: those who would slip by one method of regulation might get nabbed by a second, and vice versa.

In this vein, authors and authors' advocates have called for the joint use of legal and technological controls to provide a more complete protection for copyrighted works.[23] Technological controls are most effective as

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[21] LESSIG, *supra* note 4, at 88.

[22] *Id.* at 57. *Cf. id.* at 57 (introducing the bovinity principle: "Tiny controls, consistently enforced, are enough to direct very large animals.").

[23] *See* Bill Pearson, Technical Marketing Engineer, Intel Corp., *Digital Transmission Content Protection*, at 5 (June 16, 1999), *available at* http://www.dtcp.com/data/dtcp_public.pdf. Economic and norm-based controls are also employed here, though less frequently. One example of an economic constraint used to effect control over access is employed in the U.S. Audio Home Recording Act, which requires all digital audio recording devices to employ specified security technologies, except for expensive professional equipment that the average consumer will presumably be unwilling to buy. *See* 17 U.S.C. § 1001(3) (2000). *See also* Jeffrey A. Bloom et al., *Copy Protection for DVD Video*, 87 PROCEEDINGS OF THE IEEE 1267, 1270 (1999) (economic constraint used in connection with DVD security). There have also been some efforts to educate the public regarding copyright law and influence norms thereby. For example, the Society for Administration of Remuneration for Video Home Recording in Japan offers a children's video with this intent: "TV drama program 'Cy-cop'; it is very popular among students in junior and high-school. Saburo KURIKI, fourteen-year-old, is recording every program on his videotapes. He always makes a copy for his friends from his recorded videotapes of the drama. One day, a heroin [sic] of the drama starts to talk to Saburo who is watching on the TV: 'Do you know a great deal of people are suffered because of the people like you making a copy of our program?' He gets through in the TV, and starts to realize that a world of TV where she lives is in a critical situation . . . ." Copyright Research and Information Center of Japan, *What's New*, *at* http://www.cric.or.jp/cric_e/news/news_main.html (last visited Apr. 20, 2002).

against the average consumer, for whom even only minor inconveniences provide considerable deterrence. On the other hand, it is well understood that designing technological protections with the intent to keep out even the most tenacious of the hacker elite is bound to be a lost cause (and an expensive one, at that). Designers of technological controls instead fondly cite a simpler design mantra: "keeping honest people honest."[24]

Legal controls are the most effective remedy against the well-funded professional pirate who is undeterred by advanced technological controls. Such legal controls are, by contrast, difficult to impose upon the masses. It is challenging and expensive to track down small-time offenders, and the benefits resulting from curtailment of their relatively petty offenses are far outweighed by those costs. This is not to say the legal controls do not have some force with the average consumer; all things being equal, most people prefer to not be known as crooks.[25] But where the law is murky (or at least poorly understood) and the opportunity for violation is easy and anonymous, the force of law cannot be counted upon to effect much of a control upon the average consumer; the Napster phenomenon taught us that much.[26]

C. *A Basic Theory of Technological Access Control*

A closer look into the way technological access controls (or simply "access controls") work will provide a useful vocabulary for our analysis. The purpose of access controls is to bar unauthorized access. The control may be thought of as a sort of rule ("authorization required") which is applied by putting forth a challenge to the consumer ("Are you authorized to access?") to which the consumer must respond. The access control then grants or rejects passage, according to the response received.

To be slightly more specific, we know that at its most basic level, authorization tends to be a function of payment alone. The more specific rule, then, is "payment required" and the challenge, "Have you paid?" She who can prove payment is allowed access. What complicates the whole matter is that it is hopelessly futile to simply trust a consumer's

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[24] *See, e.g.*, Bloom, *supra* note 23, at 1270; Marks & Turnbull, *supra* note 3, at 199.

[25] STUART BIEGEL, BEYOND OUR CONTROL? CONFRONTING THE LIMITS OF OUR LEGAL SYSTEM IN THE AGE OF CYBERSPACE 97 (2001) ("Generally, we are a law-abiding society. . . . People . . . tend to comply with existing legal mandates and restrictions as a matter of course.").

[26] *See* A&M Records, Inc. v. Napster, Inc., 114 F. Supp. 2d 896, 902 (N.D. Cal. 2000), *aff'd in part and rev'd in part*, 239 F.3d 1004 (9th Cir. 2001) (district court finding that Napster would have approximately 75 million users by the end of 2000).

asserted answers to any challenge presented plainly. "Are you a paying subscriber?" would invariably return an answer of "yes, of course."[27]

The solution is to turn to a sort of indirection that is perhaps best explained by an analogy to the way locks and keys work in the real world.[28] Imagine a secret document kept inside a room in a locked building. The lock on the front door of the building has a single key. The lock is strong, and so the only practical way to access the document is through the use of the corresponding key. The key is fairly easy to keep safe, and so the only likely way it would fall into the hands of another would be via a willing transfer. The key is also of an unusual design, difficult even for skilled locksmiths to duplicate, so that even when the key is lent to another, the key holder may be assured that it will remain unique. Furthermore, since the initial holder of the key is the one who has an interest in the secret, he will, at any rate, not give it to anyone he deems untrustworthy.

In such a scenario, the lock will effectively restrict access to those trusted of the initial key holder (this is the rule that the lock enforces). Of course, the lock does not (because it cannot) ask of the person seeking access if he or she is a trusted individual. Here is where the key proves to be a useful proxy. Because the key is unique and handled with great care, it serves as a token representing the legitimate granting of authority to access. The lock may therefore forget questions of trust and simply ask, "Do you have the key?"

In short, the system relies on three basic principles. First, it must be difficult to obtain the key except via an authorized transfer. Second, even if one manages to get a hold of a key, it must be difficult to duplicate it. Finally, it must be difficult to pick, break, or otherwise open the lock, except with a key. Combined, the three factors effectively create a system of trust.

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[27] Of course, if it is a human and not a machine that is asking the question, we might well imagine that norms ("it is wrong (or at least uncomfortable) to lie to someone's face") would dictate that this might not be so.

[28] The analogy is fairly common. Cryptography theory refers to passwords that decrypt as keys, see LESSIG, *supra* note 4, at 35-39. The MPAA uses the analogy on its Web site to graphically associate decryption software with burglars' tools, see MPAA, *DVD Frequently Asked Questions*, at http://www.mpaa.org/Press/DVD_FAQ.htm (last visited June 1, 2002) ("What is DeCSS and how does it work? . . . DeCSS is akin to a tool that breaks the lock on your house."). *Cf.* Dan L. Burk & Julie E. Cohen, *Fair Use Infrastructure for Rights Management Systems*, 15 HARV. J.L. & TECH. 41, 53-54 (2001) (analogizing access controls to barbed wire around plots of land which may or may not be owned by the fence-builder). For an example of a court decision treating an actual case regarding locks and keys, see *Chicago Lock Co. v. Fanberg*, 676 F.2d 400 (9th Cir. 1982) (reverse-engineering lock with permission of lock's lawful owner not violation of trade secret law).

Such a system is remarkably reliable (which is why we actually use locks and keys as basic elements of security), but it is, of course, imperfect. Most locks can eventually be broken, given a sufficient mix of tools, time, and skill, and so it cannot be guaranteed that access will be limited to key holders. Similarly, no key is ever absolutely reliable in the assertion of trust that it puts forth; keys may be duplicated (even if with difficulty) or find their way into unauthorized hands through loss or theft (no matter how much care is taken). In such cases, the key immediately ceases to represent a certification of the trust and authority of the initial holder. The simple-minded lock cannot know this, however, and so it will blithely allow secrets to become available to unauthorized eyes, until the lock is replaced. This is the price that comes with an access control that relies on imperfect tokens to represent authorization.[29]

This is a basic approach to access control that we will see applied again and again in a variety of contexts. Armed with this understanding, we may begin our exploration into the possible structures of an effective system of access regulation.

III. TRADITIONAL REGIME

A. Property Law and Physical Protections

A considerable degree of protection for authors may be achieved even without the benefit of a copyright law. Physical property law (that is, the law of real and personal property) has historically provided a strong legal basis for a form of access rights in certain contexts. Many of these access rights derived from property rights persist to this day. The archetypes of the theater and the bookstore are particularly illustrative here in depicting the precise operation of this property law access regime.

1. The Theater

Attendance at public performances has been regulated for centuries through the practice of controlling access to places where works may be performed, relying on property rights in the land encompassing the place of performance. In order to cross over onto the real property of another, of course, one must generally have the authority of the property owner, or else is liable for trespass. Since enjoyment of a performance in most cases requires entrance into the place of performance,[30] owners of theaters and

[29] This quality of locks creates problems, too, when the situation is reversed: because locks check for keys and not authorization, persons who are trusted and have in fact been given keys will not be able to gain access if they are not, for whatever reason, in current possession of those keys.

[30] *But cf.* Rudolph Mayer Pictures, Inc. v. Pathe News, Inc., 255 N.Y.S. 1016 (App. Div. 1932) (holding liable for misappropriation one who filmed mo-

the like have broad discretion (under their rights as landowners) in drawing up rules that delimit who will be allowed access to the performed work and who will not.

To facilitate the physical restraint of unauthorized visitors, a property owner is likely to ensure that the place of performance is structurally designed to that end (for example, with a limited number of entrances, each with an usher to verify the credentials of those who would enter). This is the access control, to be distinguished from the right to restrict access that arises out of the real property right.[31] The physical/technological protection is helpful, since to have to rely solely on the state police in restricting access is rather wearisome (to say nothing of the bad publicity it produces). It provides enough of a burden to deter the masses, and the possibility of police backup provides insurance/deterrence against those inclined to try to sneak in the back door.

We may now see how the basic theory of access control (locks and keys) maps onto the theater setting. Suppose that a given movie playing in a theater has two rules[32] of access: "entrant must have paid admission, or someone must have paid for entrant" and "no entrant may be under 17."[33] There is a single entrance to the theater and all customers desiring admittance must demonstrate compliance with the rules to a ticket-taker who would otherwise block their entrance. The ticket-taker acts as the lock to

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tion picture of boxing match from roof of adjoining building). *See* Madison Square Garden Corp., v. Universal Pictures Co., 7 N.Y.S.2d 845, 851 (App. Div. 1938) (explaining *Rudolph Mayer*).

31 The legal right to exclude simply means that an usher may call upon the assistance of the police to stop unwanted guests from entering, though a sufficiently brawny usher might be able to physically restrain such guests even in the absence of a right to do so. In the absence of a right to exclude, of course, the question then turns to whether those desiring admittance may themselves call upon the police to help them force an entrance. This is why a third party with a baseball bat may not legally charge you admission to enter into your own home, even if said third party is physically capable of preventing your entrance by way of a thorough clobbering.

32 Of course, in actuality, there are many more rules at work in this scenario than just these. For example, there may be rules based on theater capacity ("no more than 300") or time ("showtimes at 4 and 8") or dress ("no shirt, no shoes, no service").

33 The age requirement is an example of an access requirement that indirectly benefits movie producers' bottom line. The Motion Picture Association of America (MPAA) has suggested that the rating system has boosted movie revenues by (1) encouraging families with children to go to movies knowing there will be no unexpected surprises and (2) encouraging production of adult-oriented films, whose screening might otherwise be subject to "[f]ederal and local censorship." *See* Press Release, MPAA, Movie Rating System Celebrates 32nd Anniversary Amidst Record High in Parental Approval (Oct. 31, 2000), *at* http://www.mpaa.org/jack/2000/ 00_10_31.htm.

the door leading into the theater, and presents a challenge to the customers: "Show me proof of payment and certification of age."

Customers make the required demonstration by providing a movie ticket and some form of age identification (e.g., a driver's license, or gray hair). These items are, of course, the keys; together they purport to demonstrate certain facts proving compliance with the rules of access, and that the holder is thus authorized to enter. The facts asserted by those keys (payment has been made, person is of a certain age) are deemed certified by trusted authorities (the box office, the Department of Motor Vehicles), since tickets and driver's licenses are issued only by those authorities, and are at least somewhat difficult to forge. Note, then, that the three elements of the basic access control are all present here: (1) it is difficult to obtain a ticket/license except via an authorized transfer from a trusted authority; (2) forging these documents presents some degree of difficulty; and (3) the combination of the single entrance and ticket-taker ensures that it is difficult to get into the theater without presenting credentials.

Note also the difference in the keys that are required for the two access rules. The "age" rule of access requires a fact about a certain person, and so requires a key like a driver's license that ties certain facts to a certain identity. Accordingly, a driver's license says nothing about the age of the holder unless the holder's face and name match the identity described by the license.

In contrast, with regard to the "payment" rule, information indicating compliance may, in fact, be derived from the condition of possession of a certain key (the ticket). The information printed on the movie ticket only indicates that payment has been made for a single admittance to a particular movie in a particular theater to be shown at a particular time. In other words, on its face it provides proof of payment, but not proof of who paid. Here is where the analogy of the key is especially strong. When payment is made at the box office, the physical ticket is, of course, turned over to the actual person who made the payment. At that point, it would be difficult for another to get a hold of the ticket thus obtained without the permission of the original recipient (assuming that that recipient goes to minimal efforts to secure it). The ticket-taker may therefore rightfully presume that it is very likely that one who carries a ticket either paid for admittance or has the permission from one who did to use the ticket thus purchased.[34]

[34] On the other hand, if for some reason it should suddenly became very easy to steal tickets from others, then the ticket would cease to signify such a thing. Movie theaters would have to resort to other means to verify compliance with the payment rule.

2. The Bookstore

Property rights in physical media in which works are embodied may also be used to restrict access to those works, at least initially. When the author has property rights in the physical medium in which her unpublished manuscript is fixed (whether ink on paper or bytes on disk), she has a trespass claim against all those who meddle with the medium — even in the absence of a "first publication" or similar right in the copyright law.[35] Yet the author is not likely to simply rely on the law's protection, but rather will keep the manuscript in a safe place at home or in an office, perhaps locked away in a drawer. Indeed, the author maintains virtually total control over the disposition of the physical manuscript. Thus, if the chosen rule for access is "not without my personal authorization," the author has power to enforce that rule by personally limiting distribution of the manuscript itself.

The author also maintains some amount of control over access following the first publication. Books are printed and bound into physical media in which the author/publisher/distributor have some property right; those who take a book without permission are liable for conversion. Furthermore, books are distributed in stores that tend to take some care to ensure that people do not walk out with goods before first paying for them (e.g., through the use of limited entrances and vigilant employees, or perhaps even electronic tags). Again, technological self-help alleviates the burdens associated with relying solely upon the law for protection.

The operation of the access control becomes a bit abstract here, but the basic theory still holds. Suppose, for example, a law student at home wishes to spend a relaxing afternoon perusing her torts casebook. In effect, she is presented with a question posed by an invisible access control: "Was access paid for?" The casebook on the shelf (that is, the physical matter, binding and pages) is the key that will provide proof of an affirmative response. We look again to the three elements of the access control: (1) it is difficult to get a hold of the textbook outside of a bookstore except through purchase (because you may be stopped if you try to exit without paying); (2) it is difficult (or at least dreadfully tedious) to make a copy of an entire casebook; and (3) it is exceedingly difficult to read the cases in a certain casebook without being in possession of the casebook itself. The physical medium of the book is thus effective as a key.

Of course, this sort of access control over books is only effective as far as the first distribution, after which the books tend to circulate more freely (e.g., lending through libraries and friends, or secondhand sales). Nevertheless, the book in the possession of a law student via one of these alternate routes continues to certify, as a key, the fact demanded by the access

[35] *See* Hcide, *supra* note 17, at 471.

control. The fact that the book is outside a bookstore attests to the fact that somebody paid for access, initially (e.g., the library, or the original owner). Indeed, the author (understanding, no doubt, that the first sale was the only opportunity to personally get compensation) must have set the price of the book to represent unlimited future access.

What of the shoplifter who carries the book from the store unpaid for? Again, a fundamental fact of any given system of access control is that keys are never perfect — they never perfectly represent what they should. The power of the representation is, rather, one of degree; if the symbolic strength of the key becomes sufficiently attenuated, then the locks must be replaced by something more effective. Keys continue to serve valuable functions, even when they do not perfectly certify what they ought to.

Note that the author's choice of authorized retailers has some bearing on the strength of the presumptive power of physical possession. If the author chooses to distribute books at stores with poor security, then possession of that book outside of a bookstore is less likely to imply that a payment has been made. In that vein, we might suppose that if an author stands to make more money from a sale than a shoplift, that author may agree to distribute books to vendors only on certain conditions designed to guarantee some security (e.g., a requirement to put electronic tags on books, or to install video cameras). Similar considerations of security will arise elsewhere in this analysis.

IV. INTELLECTUAL PROPERTY LAW

A. Shortcomings of Physical Property as Protection

We have seen two examples wherein the combination of property law and simple architectural controls are sufficient to allow authors to exercise a reasonable degree of control over the access to their works such that compensation may be obtained. In some contexts, however, there are significant gaps left unprotected by both legal and technological controls. Specifically, since technological controls are never perfect, there may be opportunities for exploitation for the few who are uninhibited by those controls.

For example, the playwright whose work is performed nightly in a particular theater has no remedy against the rival theater manager who purchases tickets for several nights in a row, attends, memorizes, pens, and then prepares his own troupe to put on a substantially identical production, but without the costs of original authorship. The technological con-

trol — relying on the difficulty of doing precisely what the manager has done — has left open a gap that may be unfairly exploited.[36]

Similarly, in the bookstore example, the validity of the physical book as a key to access relied on the fact that duplication of books was sufficiently difficult or expensive to deter most people. Still, while printing presses may be expensive, they are not prohibitively so for a sufficiently well-funded entrepreneur who wishes to make a quick buck selling cheap copies of popular reading material. As printing technologies advance, the cost of presses will go down, and the number of copyists producing unauthorized copies of access keys (books) can only increase, further weakening the robustness of the access control regime detailed earlier.

B. Copyright Law

These scenarios present a clear case for the extension of available legal protection beyond the laws of physical property, which provide no remedy against exploitation in these contexts.[37] These extensions of the law came in the form of a set of rights to exclude: a sort of intellectual property law, similar in at least some respects to the physical property law already in place.

Copyright law is, of course, the field of intellectual property law most pertinent to authors. Copyright exists as an assortment of rights cobbled together to assist authors in controlling access to their works in a variety of pertinent ways. Each of the rights bundled into copyright is a specialized access right. For example, the right of public performance (a right mandated by the Berne Convention from its inception in 1886)[38] allows the playwright in our first example to maintain control over (and obtain remu-

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[36] Note, however, that the "copy" the second production represents may in many respects be a very poor substitute for the original (e.g., if the original boasts a distinctive cast of actors). In this case, the technological protection would be considered much more robust. Compare a variation on this theme: bootleg videotaping of movies in theaters. *See* S.E. Oross, Note, *Fighting the Phantom Menace: The Motion Picture Industry's Struggle to Protect Itself Against Digital Piracy*, 2 VAND. J. ENT. L. & PRAC. 149, 158 (2000) ("Because of the unique attributes of film . . . the social aspects of 'a night at the movies,' [and] the big-screen allure of theaters, the basic Hollywood model is bound to remain.").

[37] One might, however, imagine a contractual remedy in each of the scenarios: condition sale of a theater ticket, or purchase of a book, or access to a descrambler box, on an agreement not to compete. It is possible, however, that at this point tying or antitrust issues might arise. *See generally* Dan L. Burk, Anti-Circumvention Misuse (draft last modified Jan. 23, 2002), *available at* http://www.law.berkeley.edu/institutes/bclt/ pubs/wp/502.pdf (discussing doctrines of patent and copyright misuse).

[38] PAUL GOLDSTEIN, INTERNATIONAL INTELLECTUAL PROPERTY LAW: CASES AND MATERIALS 143 (2001); *see* Berne Convention for the Protection of

neration from) all those who access his work by precluding others from offering the show in venues where the playwright cannot use the access rights guaranteed by real property law to aid him. As we noted, these renegade performances are likely to be few, and since they must be publicized to some degree to attract a crowd, the prospects for enforcement of the legal prohibition are good.

The right of reproduction[39] may be similarly understood as an access right. We have seen that physical copies of a work may serve as keys to access the work at a particular place (the physical location of the book) by a particular person at a particular time (since generally it is only practical for one person to be reading a single book at any given time). To reproduce this key is to multiply the available points of access. To give authors an exclusive right of reproduction in their works (a copy right) is therefore a fairly good way to help authors regulate access.

With regards to enforcement, copyright law provides an adequate remedy to the problem of the professional pirate: the guy in New York with a bank of VCRs and a deal with a printer to churn out almost-authentic looking boxes in which to package the masses of bootleg tapes.[40] Conversely, copyright law falls short when it comes to the hobbyist who puts a couple of VCRs back to back and makes a few copies for her friends. In response, authors have looked to the manufacturers of copying devices (such as VCRs) as a place where the law might wield some additional influence to curb copying.

The precise approaches taken in applying this sort of indirect liability theory have varied. For example, early British and Australian caselaw regarding photocopiers and tape recorders looked principally to the question of whether infringement occurred under the authority of the accused party (authorization of infringement being statutorily equivalent to infringement itself).[41] Germany and other civil law countries looked instead

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Literary and Artistic Works, July 24, 1971, S. TREATY DOC. No. 99-27 (1986), 828 U.N.T.S. 221 [hereinafter Berne Convention].

39 *Id.* at 232 (noting that the right of reproduction was not included within the Berne Convention until 1971 — "not because it was unimportant, but because the national exceptions to the right were so varied").

40 *See, e.g.*, Press Release, MPAA, FACT Busts Largest Video Piracy Operation Ever in Europe (Feb. 9, 2001), *at* http://www.mpaa.org/anti-piracy/press/2001/FACT_Raid.htm; Press Release, MPAA, 21 Persons Arrested in MPAA's "Operation Rewind" – Largest Bust Ever on Pirate Video Laboratories in U.S. (Mar. 29, 1999), *at* http://www.mpaa.org/anti-piracy/press/99/99_03_29.htm; Press Release, MPAA, Singapore Internet Pirate Sentenced to 18 Months Imprisonment (Apr. 8, 2002), *at* http://www.mpaa.org/ anti-piracy/press/2001/2002_04_08.htm.

41 *See* Univ. of New South Wales v. Moorhouse, 133 C.L.R. 1 (1975) (Austl.) (library held liable for infringement where it had authority to monitor use of library photocopiers); C.B.S. Songs, Ltd. v. Amstrad Consumer Elecs.

to general principles of civil law according liability to "anyone who unlawfully interferes with a right that is enforceable against the general public."[42] The United States took yet another approach, lifting the doctrine of "contributory liability" wholesale from existing patent law doctrine, and focusing the inquiry on whether the accused party had with knowledge contributed materially to the infringement.[43]

Broadly speaking, however, all of these approaches have placed what are effectively rather limited restrictions on the manufacture and sale of general purpose copying devices. The constraint primarily arises thanks to the variety of exceptions, defenses, and limitations built into copyright law: restrictions thought necessary to provide no more than the necessary reward to authors, or to not unduly restrict free speech and thought, or at least to ensure that valuable uses that were nevertheless not worth the transaction costs of licensing would not be blocked.

The availability of these limitations means that most copiers, in fact, have some legitimate uses. In court, this fact tends to weigh heavily in favor of device manufacturers: in the U.S., the knowledge requirement of contributory liability is not imputed by virtue of sale alone if the device is capable of a substantial noninfringing use; in Britain, there can be no power or authority to control or monitor the use of a device once it is sold; in Germany, sellers may, by adequately warning consumers of the relevant contours of the copyright law, absolve themselves of responsibility.[44] This is not to suggest that the doctrines have held no force.[45] But as a practical matter, they have tended to preserve available legitimate uses at the ex-

Plc., [1988] A.C. 1013 (H.L.) (sellers of dual-tape deck recorders not liable for infringement, since they exercise no control over use at time of copying, distinguishing *Moorhouse*). Strictly speaking, under these theories the authorization of an infringement constitutes direct infringement for the purposes of the copyright law. We will, however, group such cases together with the other indirect liability theories, and refer to them collectively as such.

42 Peter Wand, *The Scope of the Prohibition on Circumvention of Technological Measures*, at 3 (June 2001), *available at* http://www.alai-usa.org/2001_conference/Reports/Germany_id2_en.pdf (ALAI Conference, *supra* note 15) (contrasting German approach with U.S. Sony case).

43 Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417 (1984). *See also Amstrad*, [1988] A.C. 1013 ("Mere sale of an article that can have legitimate use, even with knowledge and intent that it may be used for an infringing purpose, is not an infringement in the absence of aiding and abetting by incitement or inducement.").

44 *See* Wand, *supra* note 42, at 3.

45 A&M Records, Inc. v. Napster, Inc., 239 F.3d 1004, 1019-22 (9th Cir. 2001) (contributory infringement found where file-sharing software company had actual knowledge of direct infringement of record companies' copyrights by software users).

pense of the scope of the author's control over access, and not the other way around.

C. *Another Approach: Remote Access Laws*

The copyright approach to regulating access differs markedly from those approaches applied in some other contexts. One of the most familiar and common examples regards pay television — programming provided over scrambled broadcast, cable, or satellite signal and descrambled for paying subscribers. Originally, of course, broadcast radio and television were wholly unsuited, technologically speaking, for access controls. Whereas public performances in private theaters historically afforded simple but effective means for exclusion (which were backed up with the force of law), no such means existed to restrict access to broadcast, for which the use of appropriate receiving equipment within a certain proximity of a transmitting station was enough to enable enjoyment of free broadcast programming. (Indeed, this much is true even today.)

In the absence of the technological means to restrict access, broadcasters simply turned to another business model; advertising revenue replaced ticket sales as the source of remuneration, which proved sufficient to make the enterprise economically viable. With the development of scrambling technology for television, however, it became feasible to restrict access at the level of individual television sets, and the possibility of charging money for commercial-free programming became a reality. Descrambling boxes initially served as effective keys for a secondary access control, since (1) it was difficult to get a box except from an authorized distributor for the carrier, (2) it was difficult to copy the box, and (3) it was difficult to descramble a broadcast and enjoy it without the use of the box.

Just as the advancement of technology facilitated the replication of physical copies (which, we have seen, serve as keys to access), the ability to replicate descrambler box keys undermined authors' reliance on the lock or technological control. A few technically adept entrepreneurs coupled with mid-scale means for mass production meant that it eventually became a little too easy to come by a set top box that would do the descrambling job.[46] In other words, owning a descrambler ceased to be a good key in terms of representing the fact that one had paid for access.

Copyright law provides some degree of help to the author here. For example, a right of public performance would provide grounds for suit against a bartender who used a cable descrambler to show a certain pay-

[46] *See, e.g.*, United States v. Coyle, 943 F.2d 424, 425 (4th Cir. 1991) (defendant established business of building cable television descramblers, advertising them in national publications, and selling them through the mail).

per-view sports event to customers on a big screen television.[47] However, with respect to private individuals engaged in private unauthorized viewings, copyright law, strictly speaking, provides no more protection than it does against the person who engages in an impromptu rendition of a copyrighted ballade for the benefit of his family at home. Where no one using a particular device can be found directly liable for infringement, the device manufacturer will generally be absolved of responsibility under the theories of indirect liability. Yet it is clear enough in the case of scrambled television that the wide spread of unauthorized access would, if left unchecked, completely undermine the business for pay television.

Most countries responded to this situation by way of laws essentially establishing a right to restrict remote access to certain video programming over cable, satellite, or over-the-air broadcast. In some cases the law explicitly imposed penalties upon those who engaged in the unauthorized act of descrambling[48] (unlikely to be effective, since it would need to be enforced against individual users) while others prohibited sale of descrambling devices[49] (more likely to be effective). Still others extended existing tort doctrines (e.g., unfair competition) to encompass the sale of unauthorized descramblers,[50] or went as far as to enjoin the publication of methods for disabling a descrambler access control.[51] These laws have enjoyed moderate success in curbing unauthorized access (though they have by no means proven perfectly effective).[52]

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47 *Cf.* Nat'l Football League v. Cousin Hugo's, Inc., 600 F. Supp. 84 (E.D. Mo. 1984); Entm't & Sports Programming Network, Inc. v. Edinburg Community Hotel, Inc., 735 F. Supp. 1334 (S.D. Tex. 1986) (unauthorized reception of sports events for viewing by customers infringes public performance right of 17 U.S.C. § 106(4)).

48 *See, e.g.*, Broadcast Law art 52-5 (Japan) ("Any person shall not, unless having concluded an agreement with a paid broadcaster for receiving the paid broadcasting services from the latter on the basis of approval agreement clauses etc., receive said paid broadcasting with the use of receiving equipment for said paid broadcasting in Japan."); 47 U.S.C. §§ 553, 603 (2000).

49 *See, e.g.*, 26 C.P.D.F. art. 426(I) (Mex.) ("Se impondrá prisión . . . [a] quien fabrique, importe, venda o arriende un dispositivo o sistema para descifrar una señal de satélite cifrada, portadora de programas, sin autorización del distribuidor legítimo de dicha señal . . . .").

50 *See, e.g.*, Séverine Dusollier, *Anti Circumvention Protection Outside Copyright*, at 4 (2001), *available at* http://www.jura.uni-muenster.de/eclip/documentsII/research/anti-circumvention.pdf (citing Belgian law).

51 *Id.* at 2 (citing Dutch law).

52 This is because the skills necessary to gain unauthorized access are, in some cases, accessible enough such that a significant number of people can make the necessary hacks for themselves and their friends. This is a case where making the technology more difficult to crack (e.g., tamper-proof boxes) would yield benefits. At any rate, for the vast majority of people, obtaining free access is just difficult enough so as to make scrambling protection a

Laws providing protection to remote access systems other than scrambled television have unfolded as new technologies for access control have developed. Probably the most comprehensive protection of this sort is the European Union's Conditional Access Directive passed in 1998, the result of a study on access controls that had culminated in the much-discussed "Green Paper" three years earlier.[53] The sweeping purpose of the Conditional Access Directive is to require in member states "measures against illicit devices which give unauthorized access to protected services." This includes radio, television, and "information services," i.e., the Internet — any sort of remotely accessible service provided "for remuneration."[54]

Since real property law has historically been the tool used by authors and theater owners to regulate access to public performances, it is perhaps only natural that lawmakers sought to fashion access laws governing remote performances that would function in a similar way.[55] However, these access laws also bear striking similarities to certain features of intellectual property (copyright) law — the natural domain of intellectual, intangible works such as those transmitted via broadcast or cable.[56] Since the underlying premises of real property law and copyright law are somewhat different[57] (even though an author may employ them both in restricting access to her works), it is interesting to note where lawmakers hew more closely to one rather than the other in constructing additional access control regimes.

For example, both the descrambler laws and the more general Conditional Access Directive may be said to more closely resemble real property rights because of their notable lack of copyright-style exceptions and

viable option for cable providers. *See generally* Jack Karp, *Stealing TV — Is it Really a Crime?* (June 26, 2001), *at* http://abcnews.go.com/sections/business/TechTV/TechTV_ stealingTV_ 011121.html.

53 Council Directive 98/84/EC of 20 November 1998 on the Legal Protection of Services Based on, or Consisting of, Conditional Access, 1998 O.J. (L 320) 54 [hereinafter Conditional Access Directive].

54 *Id. Cf.* Dusollier, *supra* note 50, at 7 (comparing national laws that only protect broadcasts that are provided in exchange for remuneration, with those laws that have no such limitation).

55 Thomas Heide has suggested, for example, that the legislative history of the Conditional Access Directive reveals an intent to create a property right of sorts by "enabl[ing], 'at a distance,' the same type of access control mechanism used in cinemas and theatres." *See* Thomas Heide, *Access Control and Innovation under the Emerging EU Electronic Commerce Framework*, 15 BERKELEY TECH. L.J. 993, 1010 (2000).

56 *Id.* at 1011.

57 *See* LESSIG, *supra* note 4, at 133.

limitations.[58] One who uses a descrambler to gain unauthorized access to pay television can bring no defense that such access was for the purposes of education, commentary, or criticism, any more than such a defense is available to one who sneaks into a theater for those same purposes. Furthermore, the manufacturers of devices that facilitate unauthorized access to remote services cannot claim ignorance as to the uses to which their consumers are putting the products they sell; such devices only have illicit uses. This point is made doubly clear in those countries where the sale of the devices themselves are directly made illegal, bypassing the need for any sort of indirect liability theory as we saw in the copyright context.

Of course, insofar as remote access laws are placed doctrinally outside of copyright, there is no reason to think that the typical limitations of copyright should automatically apply.[59] Still, one may speculate as to why similar exceptions never cropped up in these alternative access regimes. If certain limitations were deemed necessary in copyright to preserve the balance between providing incentives to authors and allowing the free exchange of ideas, is the omission of similar exceptions and limitations in these remote access statutes to be considered an error?

One possible explanation is suggested in the history of the initial struggles pay television went through to establish its legitimacy in the United States.[60] The Federal Communications Commission (FCC) issued its "Fourth Report" on subscription television in 1968, finding that it was "not duplicative of the programming of free TV" and was "desired or needed by at least a portion of the viewing public."[61] The Fourth Report thus authorized the commencement of permanent, nationwide subscription television services, subject to several restrictions.[62] The National Association of Theater Owners and the Joint Committee Against Toll TV subsequently took the FCC to court in an effort to block the rulemaking

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[58] *See, e.g.*, Heide, *supra* note 55, at 1014 ("In contrast [to copyright law], there are no similar exceptions and limitations applicable to the rights structure supported under the Conditional Access Directive.").

[59] *See* California Satellite Sys. v. Seimon, 767 F.2d 1364, 1367 (9th Cir. 1985) (holding that *Sony* provides no defense for unauthorized recipient of microwave broadcast television).

[60] Perhaps the most dramatic resistance came when California voters passed an ordinance banning pay television in the state — the Free Television Act (FTA). The FTA was subsequently held to be unconstitutional by the California Supreme Court. *See* Weaver v. Jordan, 411 P.2d 289 (Cal. 1966).

[61] In the Matter of Amendment of Part 73 of the Commission's Rules and Regulations (Radio Broadcast Services) to Provide for Subscription Television Service, Fourth Report and Order, 15 F.C.C.2d 466, 472 n.20 (1968).

[62] *See* Nat'l Ass'n of Theatre Owners v. F.C.C., 420 F.2d 194, 197-98 (D.C. Cir. 1969) (citing restrictions in Fourth Report), *cert. denied*, 397 U.S. 922 (1970).

and the imminent rollout of pay television.[63] Included in their complaint was a novel sort of Equal Protection claim: the plaintiffs contended that pay television would quickly siphon away most or all of the (presently free) television programming of any quality, with the result that only the dregs would be left freely accessible for those too poor to afford pay television subscription rates. Such an effect, plaintiffs argued, would constitute invidious discrimination on the basis of wealth; access to mass media, being a critical element of citizenship, could not constitutionally be denied to the indigent.[64]

The D.C. Circuit summarily dismissed the claim, arguing that availability of programming for the poor would not, in fact, necessarily be diminished by the existence of pay television.[65] The court claimed that the addition of a subscription channel to the existing free channels in a community would not necessarily reduce media access for the poor; it might, in fact, have just the opposite effect. They noted that "[s]ubscription television [STV] may . . . make available to a larger viewing public entertainment which would otherwise be unavailable for reasons of distance, lack of seating space, the desire of promoters to protect their gate receipts, or because the per capita cost of STV viewing is less than attendance at a 'live' event."[66]

The court continued to develop this theme in a subsequent portion of the opinion looking at the implications of the FCC regulations for free speech, finding that, notwithstanding the restrictions placed on pay television providers, the net First Amendment gain was greater than the loss. The court noted that "the Commission found that STV would be a beneficial supplement to present television offerings, *provided that neither service could acquire sufficient economic power to drive the other from the marketplace.*"[67] The court pointed to the support that the ACLU had thrown behind pay television as evidence that the FCC rulemaking was likely to provide wider diversity of programming to a greater number of people: more speech, not less.[68] As a mere supplement to free television, pay television could not be understood as taking anything away, so long as free television should stay intact (to which end the FCC had enacted specific restrictions on subscription services).

A similar reasoning might well have been applied in the copyright context as well. Why was no one clamoring for provisions allowing that free, fair access to subscription programming (e.g., through the use of an

63 *Id.* at 194.
64 *Id.* at 205-06.
65 *Id.* at 207.
66 *Id.*
67 *Id.* at 208 (emphasis added).
68 *Id.*

unauthorized decoder) be exempt from liability in certain cases? The answer is simply that the former channels of access (that is, free television) had been left open and freely accessible and even guaranteed some degree of protection due to the FCC restrictions on subscription television. In a very real sense, it could be said that consumers were experiencing not a loss of access to works, but a gain — an argument we will later see deployed with regard to other access control regimes.

V. COPY CONTROLS AND ANTI-CIRCUMVENTION LAW

Of course, it is copyright, and not conditional-remote-access-right, that has traditionally governed the business of most music, movies, software and so forth. We return, then, to the problem (for authors) of proliferation of general-purpose copiers made legal in the face of the exceptions available under copyright law. Where copyright law fails to provide adequate protection (because too many people are using their legal copiers for illegal ends), it is perhaps not surprising that the author looks again to technology, essentially going on the offensive with counter-technology in the form of copy controls: technological protections against copying.

These copy control techniques tend to fall into one of two general categories. Those in the first might be termed "natural" copy controls, which aim to exploit existing technological limitations of the ease of copying for a given medium (think semiconductor chips, copy-protected CDs, or microprint on bank checks).[69] The second approach, by contrast, simply uses a tag or "flag" attached to a work indicating whether a work should be copied or not, like an electronic version of "no part of this book may be reproduced in any manner without permission." Such flags are passive copy controls, which function properly only where the device is specifically designed to look for, read, correctly interpret, and then comply with the flag (even though it may not be legally obligated to do so).[70]

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[69] *See* Matt Richtel, *Digital Lock? Try a Hairpin*, N.Y. TIMES, May 26, 2002, at 4-12 (describing Sony Key2Audio technology); *Undoing the Damage*, FIN. TIMES (London), Aug. 14, 2001, at 10 (describing Macrovision and Midbar Technology systems for copy control); *see also* United States v. Elcom Ltd., 2002 U.S. Dist. LEXIS 9161, at *44 (N.D. Cal. May 8, 2002) (dismissing claim that Digital Millennium Copyright Act locks up the public domain, through a hypothetical involving a Shakespeare compilation printed on hard-to-copy paper).

[70] The Robot Exclusion Standard (RES) and the font embedding flag protocol are examples of this sort of copy control, obeyed due to norms among certain communities. *See* eBay v. Bidder's Edge, Inc., 100 F. Supp. 2d 1053, 1060-61 (N.D. Cal. 2000) (explaining robots and the use of the Robots Exclusion Standard); Martijn Koster, A Standard for Robot Exclusion, *at* http://www.robotstxt.org/wc/norobots.html (last visited June 1, 2002); Rich

However, authors employing such methods will fail to effect the desired technological environment of trust in the likely event that others choose to ignore the passive copy controls, and in contexts where natural copy controls prove unavailable or ineffective.[71] In such a situation, authors may turn to law to *artificially* create such an environment of trust instead. The remote access laws examined earlier are an example of just such an approach. It is not technologically difficult, for example, for an engineer of reasonable skill to put together a descrambler, nor is the technology involved so complex that descramblers would be expensive to mass-produce. Where the law prohibits the unauthorized sale of such devices, however, manufacturers of such devices are either put out of business, or forced underground. In such a situation, it again becomes difficult for the public to get a hold of an unauthorized descrambler — just as if there were something about the technology of descrambling itself that posed an insurmountable burden to the production of the devices. This, in turn, creates an artificial technological scarcity among the public (few have the means with which to descramble), which promotes the author's aim in regulating access.

Of course, to say that law creates a technological scarcity is not to say that government is insidiously (and at the behest of authors) engaging in wholesale scientific censorship; such is not necessarily the case. A government may, for example, issue currency that is hard to reproduce, and then prohibit the trafficking in devices used for counterfeiting currency.[72] Whether the currency is, in fact, difficult to reproduce (that is, whether it would be difficult to make a cheap device capable of reproducing counterfeit money) becomes largely irrelevant — the currency enjoys a de facto technological protection in an environment where it is difficult for the

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Sprague, *Font Embedding Restrictions in PDFs: The Scoop*, October 6, 1999, at 2, *available at* http://www.pdfzone.com/pdfs/contributors/FontEmbedRestrict.pdf; *cf.* LARRY WALL ET AL., PROGRAMMING PERL 278 (2d ed. 1996) ("In Perl [a popular programming language often used by Web programmers] culture . . . you're expected to stay out of someone's home because you weren't invited in, not because there are bars on the windows.").

[71] Simply put, digital media does not lend itself easily to natural copy controls. *See* Tommi Komulainen, Helsinki University of Technology Seminar on Network Security, *The Adobe eBook Case*, *at* http://www.tml.hut.fi/Studies/T-110.501/2001/papers/tommi.komulainen.html (Dec. 14, 2001) ("Instead of adjusting the business model for the digital world, various schemes are introduced to prevent the natural law of the bits - bits can be copied. And so far, they have all failed.").

[72] *See, e.g.*, 18 U.S.C. § 474 (2000) (criminalizing illegitimate possession or manufacture of the instrumentalities of currency production).

public to get copiers.[73] Surely this is not a case of the government squelching innovative printing technology, but rather an effective enforcement mechanism for anti-counterfeiting laws.

We have seen that copyright law does regulate devices in some limited cases, but that liability is always predicated on some actual, primary act of infringement. In contrast, laws that protect technological controls from devices or methods that would circumvent those controls take a different approach; they aim to outlaw circumvention itself, as opposed to unauthorized copying, performance, and so forth — an access right, but one step removed.[74]

The anti-circumvention right was implemented on an international scale through the WIPO Copyright Treaty (WCT) in 1996, which formally took effect in 2002 when the requisite number of nations had signed on to the treaty.[75] Article 11 of the WCT requires member nations to afford legal protection to copy controls, that is, "effective technological measures that are used by authors in connection with the exercise of their rights under this Treaty or the Berne Convention."[76] Note that the language extends only to those controls protecting copyright rights, and not other access rights. For example, Article 11 could not be understood as mandating that countries establish laws against unauthorized private access to pay television (which we have seen has been made illegal in many countries anyway, but not under copyright law). Most countries implementing Arti-

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[73] *But see* Scott Timberg, *Funny Money*, NEW TIMES L.A., Mar. 7, 2000 (screenwriter arrested for printing prop money on an inkjet printer). *See also* ABC-Ware, Euro Printer, *at* http://www.abc-ware.com/europrinter.htm (free software for printing euros on a color printer at home).

[74] *Cf.* H.R. REP. No. 105-551, pt. 2, at 24-25 (1998) (quoting a letter from sixty-two law professors regarding the Digital Millennium Copyright Act) (stating that the anti-circumvention provisions "would represent an unprecedented departure into the zone of what might be called paracopyright — an uncharted new domain of legislative provisions designed to strengthen copyright protection by regulating conduct which traditionally has fallen outside the regulatory sphere of intellectual property law.").

[75] WIPO Copyright Treaty, Apr. 12, 1997, art. 20, S. TREATY DOC. No. 105-17 (1997), 36 I.L.M. 76 [hereinafter WCT]. Not all the signatories to the WCT have found it necessary to implement it via amendments to national law. In Mexico, for example, the treaty is considered self-executing. *See* "Decreto Promulgatorio del Tratado de la OMPI sobre Derecho de Autor, adoptado en el Marco de la Conferencia Diplomática sobre Ciertas Cuestiones de Derecho de Author y Cerechos Conexos de la Organización Mundial de la Propiedad Intelectual," D.O., 15 de marzo de 2002, at 1. Also, for an example of an anti-circumvention law that predates the WCT, see Copyright, Designs, and Patents Act of 1988, § 296 (U.K.).

[76] WCT art. 11.

cle 11 have nevertheless extended protection not just to copy controls, but to access controls generally, as well.[77]

The inclusion of the requirement that technological measures be "effective" has generated a good deal of confusion, since on its face it may be read to render Article 11 utterly meaningless: if a copy control is truly effective, that is, if it is successful in blocking all unauthorized copying, then surely it should not need the protection of the law.[78] The language does not require this reading, however; we have seen that a technological protection need not work perfectly to be effective. Still, the implementing legislations do little to make this point clear. The E.U. Copyright Directive, for example, explains that "[t]echnological measures shall be deemed 'effective' where the use of a protected work . . . is controlled by . . . [a] mechanism, which achieves the protection objective."[79] The U.S. Digital Millennium Copyright Act (DMCA), deems a control effective if in "the ordinary course of its operation, [it] prevents, restricts, or otherwise limits" the exercise of rights.[80] Perhaps the Japanese statute is the plainest, eliminating the "effective" term entirely and simply stating that a measure must "prevent or deter such acts as constitute infringements on copyright," where "deter" is further defined as "causing considerable obstruction to the results of such acts."[81] Takao Koshida of the Copyright Division of the Japanese Agency for Cultural Affairs has added that this definition of "deter" is meant to cover measures that cause "considerable obstruction to the results of such acts, *although the act itself is not stopped*."[82]

Article 11 goes on to state that legal protection on technological measures is required only insofar as those measures "restrict acts, in respect of . . . works, which are not authorized by the authors concerned or permitted by the law."[83] The language suggests that signatories to the WCT are not required to extend protection to measures that restrict acts of circumven-

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[77] *See infra* note 134.

[78] Such a reading of "effective" was roundly rejected by the district court in *Universal City Studios v. Reimerdes*, 111 F. Supp. 2d 294, 318 (S.D.N.Y. 2000) ("[That] interpretation . . . would gut the statute if it were adopted.").

[79] Directive 2001/29/EC of the European Parliament and of the Council of 22 May 2001 on the harmonization of certain aspects of copyright and related rights in the information society, 2001 O.J. (L 167) 10 [hereinafter Copyright Directive].

[80] 17 U.S.C. § 1201(b)(2)(B) (2000). *Cf. id.* § 1201(a)(3)(B).

[81] Copyright Law art. 2, § 1(xx) (Japan).

[82] Takao Koshida, *On the Law to Partially Amend the Copyright Law (Part 1): Technological advances and new steps in copyright protection*, *at* http://www.cric.or.jp/cric_e/cuj/cuj99/cuj99_5.html (last visited June 1, 2002) (emphasis added).

[83] WCT art. 11.

tion which are unauthorized by the authors, but nevertheless permitted under traditional exceptions to copyright law. The clause is, in fact, closely related to one used in the Clinton Administration's proposed legislation (as set forth in the so-called "White Paper"), where it was noted that protecting copy controls only as far as they restricted *unlawful* infringement would ensure the preservation of the use of works for "legal purposes, such as fair use."[84]

The drafters of Article 11 also initially followed the White Paper in its approach of placing the onus of regulation on circumvention devices rather than acts of circumvention, reasoning that such an approach was necessary to "achieve the necessary coverage."[85] Following heated objections from some who feared that such a provision would be debilitating for the electronics industry, the current, more permissive phrasing (must provide "remedies against . . . circumvention of . . . measures that . . . restrict acts") was ultimately used instead. Several commentators expressed relief at the balance thus struck: "Article 11 avoids threatening legitimate dual-use technology, diminution of the public domain and evisceration of copyright exceptions."[86]

Surely many of the fears regarding sweeping regulation of devices were not unfounded. It is equally clear, however, that a law prohibiting only the act of circumvention would have offered little protection beyond existing copyright law for the author.[87] Authors already enjoyed protection against professional pirates via copyright law,[88] and with respect to casual copyists, it could be no more efficient to go after small-time offenders under anti-circumvention law than it would be under copyright. Perhaps if companies were assisting consumers in circumvention somehow there could be some sort of indirect circumvention liability imposed on them — but then, that is the whole idea of having a law against devices to

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84 Information Infrastructure Task Force, Intellectual Property and the National Information Infrastructure: The Report of the Working Group on Intellectual Property Rights 231 (1995) [hereinafter White Paper].

85 Julie E. Cohen, *Some Reflections on Copyright Management Systems and Laws Designed to Protect Them*, 12 BERKELEY TECH. L.J. 161, 167 (1997) (quoting Jukka Liedes, Chairman of the Committees of Experts).

86 INTELLECTUAL PROPERTY IN THE GLOBAL MARKETPLACE § 17.5 (Melvin Simensky et al. eds., 1999).

87 Then again, for those who felt that copyright owners ought not to have any more of the law's protection than they currently enjoyed, this may have been precisely the point.

88 Although an anti-circumvention cause of action might have provided a more relaxed burden for proof of liability, or stiffer penalties. *See* Vinje, *supra* note 19, at 198 (responding to the argument that a prohibition on circumvention itself would add little to existing copyright remedies).

begin with, which is a simpler and more straightforward approach, as well.[89]

At any rate, and notwithstanding the final language chosen for Article 11, broad regulation of circumvention devices has thus far been incorporated into much of the implementing legislation of member nations.[90] The broad "or permitted by the law" language in Article 11 has too been generally discarded in favor of discrete and narrow exceptions (e.g., certain restricted uses by libraries, research facilities, governments).[91]

Interestingly, although circumvention is the principal focus of Article 11 (and not circumvention devices), there has been much more variation in the approaches taken in prohibiting the act of circumvention than there has been with respect to devices. In the United States, for example, Congress decided not to prohibit the act of circumvention of a copy control at all, in part "because it would penalize some noninfringing conduct such as fair use."[92] Of course, since consumers generally lack the technological means to circumvent without devices that have been made illegal by the

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[89] A third, more moderate approach might have provided a system in which specific devices that were found to threaten legitimate interests of authors would be regulated on a case-by-case basis (as had been the case with television descramblers). Such a system might have been a fair approach to the device dilemma.

[90] *See, e.g.*, Copyright Directive art. 6(2); 17 U.S.C. § 1201(b) (2000); Copyright Law art. 120*bis*(i), (ii) (Japan), Copyright Act of 1968, § 116A(1)(b) (Austl.). For an example of the legislative reasoning behind the decision to regulate devices, see Explanatory Memorandum with the Proposal for a European Parliament and Council Directive on the Harmonization of certain Aspects of Copyright and related Rights in the Information Society, 10 December 1997, COM (97) 628 final, at 41 ("[T]he real danger for intellectual property rights will not be the single act of circumvention by individuals, but the preparatory acts carried out by commercial companies that could produce, sell, rent or advertise circumventing devices.").

[91] *See, e.g.*, 17 U.S.C. § 1201(d)–(j) (2000); Copyright Directive art. 6(4). The utility of these exception schemes has been severely questioned by scholars. *See, e.g.*, Jessica Litman, *The Breadth of the Anti-Trafficking Provisions and the Moral High Ground*, at 1 (June 2001), *at* http://www.law.columbia.edu/conferences/ 2001/pres_litman.doc (ALAI Conference, *supra* note 15) (calling U.S. exceptions "exceedingly stingy"); Michael Hart, Opinion, *The Proposed Directive for Copyright in the Information Society: Nice Rights, Shame about the Exceptions*, 20 EUR. INTELL. PROP. REV. 169 (1998) (suggesting that Copyright Directive's system of optional exceptions will only tend to work against harmonization of E.U. copyright law). For a discussion of the meaning of the phrase "authority of the copyright owner" in the U.S. statute, see Robert S. Thau & Brian Taylor, *"Authority of the copyright owner" in 1201(a), at* http://www.ai.mit.edu/people/rst/dmca/auth (last visited June 1, 2002).

[92] Exemption to Prohibition on Circumvention of Copyright Protection Systems for Access Control Technologies, Final Rule, 65 Fed. Reg. 64,556, 64,557

separate provision of the DMCA, the concern for fair use here has a somewhat hollow ring.[93] The Digital Agenda amendments to the Copyright Act in Australia likewise have no separate provision against circumvention, but by contrast with the U.S. law, device manufacturers are permitted to sell devices to consumers for certain enumerated uses constituting fair dealing, where the consumers file official declarations meeting certain formalities (e.g., "stating that the device or service is to be used only for a permitted purpose by a qualified person").[94]

While Japan, too, has no provision against circumvention itself, its approach is to explicitly reduce, rather than try to preserve, existing exceptions to copyright law in the context of copy controls. Thus, although "personal use" copies are generally permitted under Article 30 of the Copyright Law, a provision has been added that explicitly repeals the exception in cases where a circumvention of copy controls is required to make a personal copy.[95] The E.U. Copyright Directive achieves a similar effect through inverse means: the act of circumvention is prohibited, but member states are required to "take appropriate measures" to ensure that a certain subset of existing copyright exceptions are made available with respect to technological controls on copyrighted works.[96]

The final key element of circumvention law concerns the specific contexts in which devices will be found illegal. We have seen that devices used to circumvent copy controls come in two basic forms: "black box" or "filter" style devices that alter or remove a copy control signal or flag from a work, and "executing" devices (e.g., copiers) that authors hope will respond to the flag, but that may nevertheless be designed (deliberately or not) to ignore it. Anti-circumvention laws tend to use a somewhat different method of classification. In an attempt to avoid "threatening legitimate dual-use technology,"[97] they generally require a prohibited device to be "primarily designed" for circumvention,[98] have circumvention as its

(Oct. 27, 2000) (codified at 37 C.F.R. pt. 201) [hereinafter Exemption to Prohibition].

93 *See* David Nimmer, *A Riff on Fair Use in the Digital Millennium Copyright Act*, 148 U. PA. L. REV. 673, 727-39 (2000) (providing hypotheticals illustrating the paradoxical results engendered by provisions providing individuals with exceptions, but no access to the means wherewith to enjoy them).

94 Copyright Act § 116A(3)(b)(iv) (Austl.). Cohen and Burk cite privacy problems with the Australian approach, however. *See* Burk & Cohen, *supra* note 28, at 60 n.55.

95 Copyright Law art. 30(ii) (Japan).

96 Copyright Directive art. 6(4). However, each exception is only required in the circumvention context if it is provided in the general national copyright law (which choice may be made at the nation's discretion). *See id.* art. 5(2)–(3).

97 INTELLECTUAL PROPERTY IN THE GLOBAL MARKETPLACE, *supra* note 86.

98 Copyright Directive art. 2(c); 17 U.S.C. § 1201(a)(2)(A), (b)(1)(A) (2000). The term "designed" is unfortunate in its ambiguity. It fails to distinguish

"principal function,"[99] be "promoted" or "marketed" for circumvention,[100] or have "limited commercially significant purpose or use" other than circumvention.[101]

A few examples reveal how the classifications work. A "black box" whose sole purpose was to strip Macrovision APS from a video signal would be a prime example of a filter primarily designed for circumvention; a professional "time-base corrector" that did the same thing (but had other functions, as well) would not.[102] Likewise, with respect to font embedding flags, a software utility capable only of altering embedding bits for fonts might be an example of an illegal filter device, but not a "hex editor" that allowed general-purpose manipulation of binary files.[103]

The executing devices prove more difficult to classify. A CD-ROM drive that could *only* read copy-protected CDs might well be considered "primarily designed" for circumvention. By contrast, in the (more likely) case that the CD-ROM drive was capable of reading *all* CDs, and simply ignored the copy protection codes embedded in protected CDs, then it could not be said to be "primarily designed" for circumvention. Its primary design in that case would be the capability to read CDs, and the fact that it was able to read CDs of all sorts (including ones with distracting codes) would not render it illegal under anti-circumvention law. Similarly, under the "promoted or advertised" language of some anti-circumvention statutes, a graphics program that did not respond to the embed flag when saving files might or might not be liable for circumvention, perhaps depending on whether the non-responsiveness of the software was billed as a feature.

It becomes apparent that the lines dividing legal tools from contraband are rather thin in some of these cases. If the graphics software com-

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between the act of design (culminating in authorship) and a perpetual state of being implying a purpose. The distinction in meaning could make a huge difference: compare a device good for nothing but circumvention, but initially created for a lawful purpose (e.g., circumventing measures placed on one's own works), and a device created specifically for circumventing measures on another's works, but that had many other functions besides circumvention).

[99] Copyright Law art. 120*bis*(i) (Japan).

[100] Copyright Directive art. 2(a); 17 U.S.C. § 1201(a)(2)(C), (b)(1)(C) (2000); Copyright Act § 116A(b)(ii) (Austl.).

[101] Copyright Directive art. 2(b); 17 U.S.C. § 1201(a)(2)(B), (b)(1)(B) (2000); Copyright Act § 10 (Austl.).

[102] *See also* Antti Paarlahti, Macrovision FAQ, § 4, *at* http://repairfaq.org/filipg/LINK/F_Macrovision1.html (last visited June 1, 2002).

[103] *See* Luc Devroye, The infamous truetype embedding byte, *at* http://jeff.cs.mcgill.ca/~luc/embed.html (last visited June 1, 2002) (computer science professor explaining how to use a hex editor to change the embedding flag in a font).

pany hosts a message board on its Web site wherein customers rave about the software's ability to embed fonts freely, does that constitute advertising for the purposes of circumvention law? Or suppose that a hex editor came with macros that automated removal of font flags — would those macros be considered circumvention devices? What about a Web site with a link to a hex editor and simple instructions on what bits to change to free a particular font?

The examples of ambiguity and contradiction might be multiplied. For example, WCT Article 11 legislation conflicts in certain places with laws promulgated pursuant to its less-noticed cousin, Article 12, which governs preservation of "rights management information" (RMI).[104] Similarly, the failure to properly resolve the tension between the U.S. anti-circumvention laws and its no-mandate provision (codified at § 1201(c)(3)) has resulted in broader protection for authors than contemplated by the drafters of the DMCA,[105] as has the failure to appreciate the distinction between "access" and "copy" controls.[106]

Of course, practically all laws present at least some close cases and tough interpretive choices. The point is to think about how we might draft or amend such laws in the future so as to avoid such difficulties wherever

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[104] This is partly because most Article 12 laws incorporate all exceptions available under copyright, while Article 11 laws generally do not. Thus, while it might be permissile in the E.U. to use a black box to remove the APS flag from a videotape in the course of making a copy for use in a parody under Article 7 of the Copyright Directive, Article 6 of the Directive makes illegal such activity. *See* Copyright Directive, 6(4); *cf. id.* art. 5(3)(k).

[105] To the extent that *RealNetworks, Inc. v. Streambox, Inc.*, 2000 U.S. Dist. LEXIS 1889, at *25 (W.D. Wash. Jan. 18, 2000), held that the Streambox VCR violated the anti-circumvention provisions by ignoring the "Copy Switch" (independent of the "Secret Handshake" violation), that decision effectively imposed a technological mandate on Streambox in violation of § 1201(c)(3), and was therefore probably mistaken. To use another example, if Phillips were to make a CD-ROM drive that could read copy-protected CDs, and then actively advertise that the drive had that capability, the company could not be subject to liability under the DMCA, since to do so would require that Phillips build its machines to respond to the copy-control codes (e.g., by not allowing tracks from protected CDs to be ripped to the hard drive).

[106] For example, a man who circumvented the APS protection in making illegal copies of videotapes was convicted for having circumvented an "access" control under § 1201(a)(1). *See* Department of Justice, Criminal Copyright Charges Involving More Than 4,500 Bootlegged Video Tapes, First Digital Millennium Copyright Act (DMCA) Criminal Conviction in California and Second Known DMCA Conviction in the Country, Mar. 28, 2002, *at* http://www.cybercrime.gov/mynafPlea.htm. While it is clear that this individual did violate copyright laws, it is equally clear that APS is not an "access" control, and that his conviction on the § 1201(a)(1) count was therefore a mistake.

possible. By duly considering the delicacy of the interests at stake, one might hope that anti-circumvention law could be properly adjusted going forward so as to avoid getting crushed under the weight of its own ill-advised complexity.

VI. TECHNOLOGY MANDATES

Concluding the analysis of the legal protections for copy controls, we find that authors still remain exposed to a significant gap in the protection afforded them by the law. Passive technological copy controls — the only kind of copy control plausibly available in a digital environment — cannot afford protection of enduring significance so long as general purpose copiers designed to ignore those controls are widely sold to the public.[107] Again, what is needed, from the author's point of view, is some method whereby trust can be established. Copy controls, having failed to sufficiently effect that trust even with the support of the law, must be set aside in favor of (or at least supplemented by) another approach. One such approach has already been hinted at several times: the government mandate on technology.

Where the government comes down and prohibits the trafficking in devices that do not affirmatively and consistently respond to RMI, an environment is created wherein all devices may effectively be trusted. In reality, as always, there will exist some ill-gotten devices that escape the grasp of the law. Where the law makes it difficult enough to obtain such devices, however, the vast majority of the public will be constrained by the controlled technological environment created thereby, such that authors may adequately control access.

The electronics and information technology industries, as we have seen, are likely to resist legislative efforts to impose excessive constraints on design.[108] Recall the reaction of the industry to Hollywood's initially proposed solution regarding DVDs: relying on copy control flags plus a

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[107] It is significant that, for example, since the passage of the DMCA in the United States, of the actual cases brought or threatened (as reported in the media) under the DMCA, virtually all have involved the access control anti-circumvention provision, 17 U.S.C. § 1201(a) (2000), as opposed to the copy control anti-circumvention provision, § 1201(b).

[108] Alan E. Bell, IBM Corp., The Dynamic Digital Disk, 36 IEEE SPECTRUM 10 (1999), *available at* http://www.spectrum.ieee.org/pubs/spectrum/9910/dvd.html (last visited June 1, 2002); *DMCA One Year Later: Assessing Consumer Access to Digital Entertainment on the Internet and Other Media, Hearing Before the House Commerce Committee Subcommittee on Telecommunications, Trade and Consumer Protection*, FED. NEWS SERV., Oct. 28, 1999 (prepared testimony of Rhett Dawson, President, Information Technology Industry Council) [hereinafter Dawson Testimony].

technological mandate would be both "ineffective" and "inefficient."[109] These contentions bear some parsing. Ineffectiveness in and of itself cannot really be a concern for device manufacturers, who will be able to sell their wares regardless of whether or not they succeed in preventing unlawful copying. (If anything, ineffectiveness would *help* sales.) The ineffectiveness complaint might be best construed as nothing more than a bit of expert advice from the technologists: "You really don't want to do it that way."

Inefficiency is another matter. Innovation is bound to be stifled where device manufacturers are excessively burdened with artificial restrictions imposed by law. Technologists are especially likely to resent restrictions that are poorly informed prior to implementation, or at the very least those for which there was no voluntary "buy-in" or consensus beforehand. Yet these hurdles are by no means insurmountable. True, the computer industry chafed at the idea of having to program software that would continuously monitor every file on disk for copy control bits, for fear that it would result in computers of inordinate sluggishness.[110] This is not to say, however, that, had the technology companies been gathered to form a coalition to develop a more limited and focused solution, they could not have been persuaded to go along with a smaller and more precise mandate, one that achieved the protection objective without undue sacrifice of speed.

The U.S. Audio Home Recording Act (AHRA) is an example of just this sort of tightly focused mandate.[111] It is representative of a completely controlled access regime that may be effected through RMI and a technological mandate. Specifically, the system comprises three basic components: (1) a technological mandate requiring all digital recording devices to respond to and respect copy control flags on source media;[112] (2) a prohibition on devices primarily designed to circumvent the copy control flag system;[113] and (3) a regulation on the usage of codes by content owners.[114]

The last of these components is particularly interesting. The copy control system used by AHRA (the Serial Copy Management System, or SCMS) operated on the principle that copies of original digital music recordings should not themselves be copied. Each copy of an original, when created, would be marked as such with an electronic flag that digital re-

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109 Dawson Testimony, *supra* note 108.

110 *Id.*

111 Pub. L. No. 102-563, 106 Stat. 4237 (codified at 17 U.S.C. §§ 1001–1010 (2000)).

112 17 U.S.C. § 1002(a) (2000).

113 *Id.* § 1002(c).

114 *Id.* § 1002(d)(1).

corders would recognize.[115] This mechanism opened up the possibility that distributors of professional music recordings might flag those recordings as copies rather than originals, thus ensuring that no copies would ever get made. The encoding restrictions imposed by the law forbid this tactic, thus guaranteeing for consumers some minimum degree of flexibility in the use of recordings.[116] These encoding rules represent an application of a general principle that seeks to build rules into the mechanized technologies of control that approximate in some limited sense the sort of copyright exceptions that were available in the more flexible (human) regime.[117]

The three components of the AHRA are mirrored in other mandate regimes. For example, with regard to the Macrovision APS copy control, the U.S. has imposed a similar system: a technology mandate,[118] a ban on circumvention and devices,[119] and a set of encoding restrictions (e.g., forbidding the application of the APS signal to free broadcast television).[120] Similarly, in the recently introduced Consumer Broadband and Digital Television Promotion Act (CBDTPA) there is a mandate (this time, on all "digital media device[s]"),[121] provisions against circumvention,[122] and encoding rules.[123] A scaled-back version of the CBDTPA that would only

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115 An "original" is meant here to refer to an authorized copy of a recording, such as one sold in retail stores, as opposed to the "original" master recording made in a studio of a musical performance. In other words, first generation recordings are permitted, and all others are not. *See* White Paper, *supra* note 84, at 11 n.23 (briefly explaining the system).

116 Flagging an original as if it were a copy would constitute the encoding of "a digital musical recording . . . with inaccurate information relating to [its] . . . generation status . . . ." 17 U.S.C. § 1002(d)(1) (2000).

117 *See* Seth D. Greenstein, *Copyright in the Age of Distributed Applications*, at 15, *available at* http://www.tprc.org/abstracts00/copywriteage.pdf ("These compromise protections are a proxy for, rather than an implementation of, fair use, and thus imperfectly reflect through a binary 'copy/no copy' choice some subset of the copying that might otherwise be sanctioned through a case-by-case weighing of multiple factors.").

118 17 U.S.C. § 1201(k)(1) (2000).

119 *Id.* §§ 1201(b), 1202(b).

120 *Id.* § 1201(k)(2).

121 Consumer Broadband and Digital Television Promotion Act, S. 2048, 107th Cong. § 5 (2002).

122 *Id.* § 4 (ISPs must preserve security); *id.* § 6 (no one may remove security technology or distribute works whose security has been removed). The provisions of § 1201 and § 1202 would, of course, still apply here (and even overlap significantly with parts of the new law).

123 *Id.* § 3(e) (fair use must be "taken into account," security restricting home recording of regular television must allow for personal-use copying in the home, e.g., time-shifting).

apply to digital television broadcasts and receiving equipment has also been proposed.[124]

Notice that each of these regimes represents an addition to, rather than a replacement of, the sort of anti-circumvention systems discussed earlier (since a mandate would be of little value if the security system it implemented could be easily and lawfully circumvented). The mandate approach simply addresses the problem of general-purpose copiers capable of circumvention by outlawing such devices and then (in an attempt to preserve copyright exceptions to a certain extent) limiting the scope over which copy protection may be extended.

The addition of even limited mandates to anti-circumvention laws brings with it some tricky issues. First, it may be difficult to find the right balance in determining the proper scope of the mandate. For example, while the APS mandate prevents copying onto videocassettes to a degree, since it does not apply to other devices such as video capture cards, that avenue is left open and susceptible to abuse. If this reasoning were to be extended, however, it is hard to see why any mandate would ever be limited. That is, if software applications were required to refrain from copying flagged files, surely operating systems would still be able to; if operating systems were required to refrain from copying flagged files, surely hardware devices would still be able to . . . and so forth.

Software, in fact, presents a special problem for technological mandate regimes, particularly "open source" software. Where companies are required by law to release only compliant software to the public, but the public has access to the original "source code" to the software so that modifications can be made (the essence of the open source model), there is no reason to believe that hackers will not modify the software as they see fit, and then make those software modifications available to the masses.[125]

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[124] *Ensuring Content Protection in the Digital Age, Hearing of the Telecommunications and the Internet Subcommittee of the House Energy and Commerce Committee*, FED. NEWS. SERV., Apr. 25, 2002 [hereinafter *Digital Age Hearing*]; *see also* MPAA, *Content Protection Status Report* 2 (Apr. 25, 2002), *available at* http://judiciary.senate.gov/special/content_protection.pdf [hereinafter *MPAA Status Report*] (explaining to the Senate Committee on the Judiciary the concept of the "broadcast flag" copy control and anticipating "governmental/regulatory actions . . . needed to support its enforcement").

[125] *Cf.* LESSIG, *supra* note 4, at 106-07 (describing the futility of the French government's attempts to force Netscape to modify the SSL encryption system in its open-source browser, because "[a]nother supplier would undoubtedly provide an SSL module without the alteration demanded by the French government"). Of course, government could place a mandate on operating systems such that they would not allow such modifications to be made, but then a mandate would also be required on hard drives, and then on electronic components, and on and on.

Perhaps the most significant weakness in the mandate regime is the fact that it only takes one person and the aid of an outlawed circumvention device to alter the flags on an electronic copy of a work such that they are changed from "never copy" to "copy freely."[126] Once that initial transformation has taken place, even compliant devices will naively copy away, and the mandate ceases to be of any effect. Wary of this possibility, media providers are increasingly turning again to technological protections against copying, this time in the form of data hiding or "watermarking." The idea behind watermarking is to make it difficult to remove the flags by burying them, hiding them within the content itself, in places where only compliant devices will know to look for them, read them, and act accordingly. If watermarks are made difficult enough to remove, the theory goes, then the cat may never get out of the bag.

The hopefulness surrounding the possibilities of watermarks, however, is yet another example of a mismatch between a solution and the particular problem it proposes to solve. If the problem here is that it only takes one person to remove flags and thereby ruin the scheme, then watermarks will do little to stop that one person (technically savvy as she no doubt is) from removing the watermark as well.[127] A technological protection like this might have some effect if the masses were altering flags on works, but that does not appear to be the case. The current legal protection against circumvention of copy devices and removal of RMI, of course, provides ample protection against the few who tamper with flags (hidden or not); the problem (and a difficult one) is how to enforce those laws against those people.

Note finally that a mandate might require that all devices refuse to copy any work that does not contain a valid watermark, thereby solving the problem of pirates who have access to watermark removal technologies. Alas, there is nothing to stop those same pirates from actively in-

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126 Bloom, *supra* note 23, at 1269 (noting the ease with which "CGMS" copy control flags may be stripped from content).

127 It has been noted that since the technologies of data compression and data hiding are invariably at odds, there may not ever be a watermarking technology truly strong enough to be useful. *See* Hong H. Yu et al., *Spies, Thieves, and Lies: The Battle for Multimedia in the Digital Era*, 8 IEEE MULTIMEDIA, July-Sept. 2001, at 8, 12 ("Perhaps we never have a watermark robust enough to prevent its removal."). Nevertheless, as of this writing, the MPAA continues to seek for a satisfactory solution, several years after its initial call for proposals in July 1997. *See* Bloom, *supra* note 23, at 1270. The latest deadline was recently extended until August 1, 2002 to allow a few more months for the search. *See* Press Release, Macrovision Corp., DVD CCA Postpones Selection of Video Watermarking Protection Standard for Up to 3 Months, May 14, 2002, *at* http://www.macrovision.com/solutions/video/copyprotect/newsevents.php3?pr=5230830b0516b5cad25a6259bbaa7449.

serting false watermarks after removing the valid ones. Assuming that there would exist in such a regime a watermark associated with the flag "copy freely" (to be applied, say, to home movies), that watermark could simply be inserted into motion pictures and other material in order to prepare it for free distribution.[128]

VII. LOCAL ACCESS CONTROLS

The technological mandate approach is not widely utilized today. Instead, authors have focused their efforts on extending the model of remote access regime in an attempt to exercise access control at a local level. Prior to this point, a fixed embodiment of a work served as the key to access; one in possession of a copy of a work could gain access to it. Reproduction of the embodiment of a work in such a case was essentially equivalent to reproduction of the key to access. Interestingly, however, to the extent that keys can be separated from the embodiments they are meant to protect, the need to copy-protect those embodiments effectively vanishes.[129]

Encryption is the primary means by which authors decouple the notions of "access to work" and "access to a copy of a work,"[130] and thereby obtain the possibility of controlling access at a local level.[131] Probably the most ubiquitous example is that of the Content Scrambling System (CSS) used in conjunction with movies distributed on DVD. CSS uses a system of multiple keys configured in such a way that allows legitimate consumers to use them in order to gain access to movies, while making it difficult to

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[128] Bloom, *supra* note 23, at 1269 (the need to preserve the possibility of "legitimate home recording is interesting, because a hacker or pirate may attempt to disguise an illegal copy to appear as a legal recording of ['copy freely'] content."). By the term "interesting," surely the authors mean to say, "very difficult."

[129] *See* Richard Raysman & Peter Brown, *Digital Rights Management Technologies*, N.Y. L.J., Mar. 13, 2001, at COMPUTER LAW 3 (explaining the concept of "superdistribution," wherein owners of works are free to send copies to others, who are then sent automatically to a central rights clearinghouse that authorizes access, e.g., upon payment). Another approach would be to more directly emulate the nature of the remote access regime by "steaming" works piecemeal rather than selling them in their entirety in a stand-alone format. This is the sort of system Ginsburg envisions when she speaks about the move from "having copies" to "experiencing works." Ginsburg, *supra* note 7, at 3 (describing a "near future" in which portable devices, wireless connectivity, and flexible usage rates allow for access anywhere, anytime).

[130] *Cf.* Ginsbserg, *supra* note 7, at 11-12.

[131] Another method for local access control, little used today, relies on hardware keys known as "dongles." *See* Wilcom Pty. Ltd. v. Endless Visions, 128 F. Supp. 2d 1027 (E.D. Mich. 1998) (describing "dongle cracking" operation).

read or copy those keys for others' use.[132] Copying the raw data from a DVD is not only illegal (under copyright law), but is also pointless, since that data cannot be enjoyed or accessed as a movie without the hidden CSS keys.[133] And because anti-circumvention laws in most countries prohibit both circumvention of access controls as well as circumvention of controls protecting copyright rights,[134] circumvention of an encryption-based access scheme like CSS is accordingly made illegal.[135]

Moreover, since authors may (and often do) tie the granting of access to the requirement that a device obey a certain bit of RMI, anti-circumvention law's protection of access may be used to impose on a work arbitrary constraints that fall completely outside copyright.[136] The RMI thus

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132 One of the keys is embedded in the hard-to-access circuitry of an electronic chip inside the player. Another key is kept along with other data in a certain protected area on the DVD itself (the "lead-in" area, or specially marked sectors) that a normal DVD player will not reveal, and which a DVD-ROM drive in a computer will not read unless the software requesting the read can prove (through an exchange of other keys) that it too can be trusted. Moreover, even if the DVD key is somehow obtained, it is very difficult for an unauthorized person to use a DVD burner to copy that key onto the lead-in area of a blank DVD (presumably along with the video data from the corresponding DVD). This is because authorized consumer-grade DVD burners are not equipped with the machinery necessary to burn data into the lead-in area, and, furthermore, consumer-grade DVD blanks have the lead-in area pre-embossed so as to make it impossible to write new data in that area. *See* Bell, *supra* note 102. Combined, these protective elements make it so keys are relatively difficult to copy.

133 Of course, this is not to say that the task of "finding" those keys is impossible; to the contrary, this is precisely what DeCSS and programs of a similar nature have succeeded in doing.

134 Legislation regulating circumvention of access controls is sometimes incorporated directly into the copyright law, see, e.g., Copyright Directive art. 6(3); Copyright Act § 10(1) (Austl.), and sometimes is kept separate, see, e.g., 17 U.S.C. § 1201(a)(1) (2000). In Japan, the access laws are located within the law of unfair competition. *See* Anti-Unfair Competition Law art. 2(1)(10)-(11) (Japan).

135 *See Corley*, 273 F.3d at 441-42.

136 For example, DVD access control mechanisms are designed so as to honor and enforce the DVD "region control" flag. The movie studios are thus able to stagger release dates and adjust prices in various parts of the world so as to maximize return. *Cf.* William W. Fisher III, *Symposium on the Internet and Legal Theory: Property and Contract on the Internet*, 73 CHI.-KENT. L. REV. 1203, 1237 & n.82 (1998) (noting opportunities for chronological segregation of consumers for the purposes of price discrimination). Interestingly, the serendipitous division of the world into three different television formats (NTSC, PAL, and SECAM) effected a similar sort of control with regard to videotapes, but only through an accident of technology. When television standards were first created, the frame rates were set in relation to the frequency of the alternating current of electricity. Since that fre-

employed may provide for control that is as extensive as the author wishes to exert, and as long as it is connected with an initial access routine, it will be enforced by law. Indeed, the "encoding rules" usually incorporated into the mandate regimes to preserve some minimum level of use for consumers are entirely absent in the access control regime; limitations on the use of works may be extended to whatever the market will bear, without fear of the law's reprimand.

In response to critics who find such a strong access control regime burdensome or confining, reference is commonly made to the access regimes that existed outside of copyright long before anti-circumvention came along, to support the proposition that the current state of affairs is nothing new.[137] For example, if cable companies are able to insist that customers use authorized descramblers only to access cable programming, why should RealNetworks not be free to insist that customers only use the authorized RealPlayer to listen to RealNetworks music streams?[138] If the movie theater can disallow camcorders in the theater even for the critic who wants a high-quality clip for a fair use review, why may not the movie producers deny perfect digital copies to the owners of DVDs, no matter how noble the purpose?[139]

The analogies hold up nicely in many respects, as do their underlying policies. Pay television enhances speech and culture in a society by providing an alternate channel for communications, without taking away anything from those existing channels currently accessible for free. So, too, it is with the modern marvels of media. As the U.S. Library of Congress put it, the anti-circumvention provisions cannot be said to have resulted in

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quency was not uniform across countries, the varying standard frame rates for television emerged as well.

137 *See, e.g.*, White Paper, *supra* note 84, at 231 ("It has been suggested that the prohibition [on circumvention] is incompatible with fair use. First, the fair use doctrine does not require a copyright owner to allow or to facilitate unauthorized access or use of a work. Otherwise, copyright owners could not withhold works from publication; movie theaters could not charge admission or prevent audio or video recording; museums could not require entry fees or prohibit the taking of photographs."). *But see* Jessica Litman, *The Tales that Article 2B Tells*, 13 BERKELEY TECH. L.J. 931, 937 (1998) ("This is, presumably, what I've taken to calling the 'my-painting-may-be-in-the-public-domain-but-I-don't-have-to-let-you-into-my-house-to-see-it' property right.").

138 *See* RealNetworks, Inc. v. Streambox, Inc., No. C99-2070P, 2000 U.S. Dist. LEXIS 1889, ¶ 26 (W.D. Wash. Jan. 18, 2000) ("[T]he Streambox VCR acts like a 'black box' which descrambles cable or satellite broadcasts so that viewers can watch pay programming for free.").

139 Universal Studios, Inc. v. Corley, 273 F.3d 429, 459 (2d Cir. 2001) (also drawing analogy to the art student who is barred from taking photographs at a museum).

"less access, rather than more, to copyrighted materials that are important to education, scholarship, and other socially vital endeavors."[140] On the contrary, it appears that "the availability of access control measures has resulted in *greater* availability of these materials."[141] Enthusiastic echoes of this refrain have been heard in many quarters.[142]

Still, certain aspects of the current regime (as well as the direction it is headed) suggest that the analogies may be inapposite, at least in one respect. The "not less, but more" argument can only be true insofar as the existing avenues of communication are, like free television, actually preserved to a reasonable extent. If DVDs and copy-protected CDs should completely (or effectively) replace VHS cassettes and traditional CDs in the marketplace, then the proposition that the former had only added to access without taking any away would be false, since certain fair uses available only via the latter formats would have been lost. It is perhaps significant that one of the same organizations which had championed the creation of pay television as speech-enhancing, now fears that however much anti-circumvention law may be thought to promote speech, its overbroad application (e.g., against circumvention software like DeCSS) will have just the opposite effect.[143]

Recognizing the weight of this argument, authors have contended strenuously that avenues for fair use are, in fact, still available due to the continued accessibility of less tightly controlled formats. "[M]ost works available in DVD format are also available in analog format (VHS tape) as well," and so "any harm caused by the existence of access control measures used in DVDs can be avoided by obtaining a copy of the work in analog format."[144] And yet the case of VHS is a perfect example of how even available uses in the remaining flexible channels are now slowly being sealed off, for example, because of the development of legal protection for Macrovision APS. Under the Copyright Directive, the act of circum-

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140 Exemption to Circumvention, *supra* note 92, at 64,568 n.13.

141 *Id.* (emphasis added). *See also id.* at 64,567 ("Indeed, it appears that many of the 'sole source' works [for which a circumvention exemption was sought] are works that most likely did not exist in the predigital era.").

142 *See, e.g.*, Marks & Turnbull, *supra* note 3, at 212 ("Far from denying all opportunities to exercise legitimate exceptions to the exclusive rights of content owners, technical measures can actually help facilitate the proper use of such exceptions and limitations."); *MPAA Status Report*, *supra* note 124, at 2 ("Detection and response to the Broadcast Flag does not mean less functionality for video devices . . . . Rather it *adds* to these devices the ability to determine the difference between protected and unprotected works. . . . [We] want [PCs] to be MORE functional, not less.") (emphasis in original).

143 *See* Brief of Amici Curiae American Civil Liberties Union et al., Universal Studios, Inc. v. Corley, 273 F.3d 429 (2d Cir. 2001), *available at* http://archive.aclu.org/court/corley.pdf.

144 Exemption to Prohibition, *supra* note 92, at 64,568.

venting a copy control like APS is forbidden.[145] In Japan, APS may not be circumvented for the purpose of making personal use copies.[146] In the United States, it is illegal both to sell VCRs that ignore APS, and to sell black boxes that will circumvent it, and so it is nearly impossible for the average consumer to circumvent APS, even if the act would be legal.[147]

Some have gone so far as to suggest that, at the very least, one can always "record[ ] portions of the video images and sounds [of a DVD] by pointing . . . a camcorder . . . at a monitor as it displays the DVD movie."[148] This is a wonderful argument for at least two reasons. First of all, it is plain wrong, as anyone who has ever tried to make a recording in this manner can attest. Due to differences in monitor and camcorder refresh rates and the differences between the way the human eye and the camcorder perceive light, this recording method results in an image that is nearly always garbled with an intense flicker, or horizontal black bars running down the picture, yielding a result not wholly unlike that achieved when making a video-to-video copy of an APS-protected movie.[149] Second (and more importantly), the argument is fascinating because it shows just how hard content owners are pushing to make sure that there is at least the appearance of a fair use avenue still available — which precisely proves the point that the availability of those channels *is* important.

While they thus recognize the importance of preserving at least some copyright exceptions, copyright owners err in supposing that a minimal or technical availability of fair use should be enough. True, as the laws and technologies of control expand, the more flexible mediums will not disappear entirely, but rather slowly become less and less easily available. Yet there is no reason to think that fair use will still effectively be possible just because such mediums still exist in the world. Even if availability of the "optimum method" or "preferred technique"[150] of copying is not required in the name of promotion of the creative public domain, or free speech, or what have you, surely there must be *some* threshold of convenience that is guaranteed. As we have seen again and again with regard to technological protections, the fact that a few have access to circumventing devices does not necessarily mean that a technological measure is ineffective. Similarly, just because certain ways of making fair uses of works are technically still

145 Copyright Directive art. 6(1).

146 Copyright Law art. 30 (Japan).

147 17 U.S.C. § 1201(b), (k) (2000).

148 *Corley*, 273 F.3d at 459; *see also* Respondent's Brief, *at* http://www.mpaa.org/Press/BRIEF2.htm (fair use preserved since taking a "brief snapshot from a TV or video display . . . of the content on a DVD" would be allowed under DMCA).

149 *See* HowStuffWorks, Inc., Question of the Day, *at* http://www.howstuffworks.com/question336.htm (June 1, 2002).

150 *Corley*, 273 F.3d at 459.

available does not mean that it may not be so inconvenient to take advantage of those means such that fair use is effectively precluded. As the *Corley* plaintiffs put it (and the Second Circuit paraphrased, if dismissively), "[A] prohibition on using copying machines to assist in making fair use of texts could not validly be upheld by the availability of 'monks to scribe the relevant passages.'"[151]

VIII. CONCLUSION: PROBLEMS AND PROPOSALS

Although anti-circumvention law finds its roots in long-standing principles of copyright and other access laws, it is nevertheless a relatively young area of law, still in its formative stages in many parts of the world. For example, Canada is even now in the process of evaluating feedback received through solicitations and hearings regarding what amendments to its copyright law would be necessary or desirable in implementing the WCT.[152] Representatives from thirty-four countries in the western hemisphere negotiating the "Free Trade Area of the Americas" (FTAA) treaty are now negotiating the details of a set of anti-circumvention provisions the drafters hope would become binding on the signatories to the treaty by 2005.[153] And, of course, many of the member states of the E.U. have still to amend their laws so as to bring them into compliance with the Copyright Directive. Even in countries like the U.S. where anti-circumvention laws have existed for several years now, we have seen that the body of law continues to develop through periodic rulemakings, judicial interpretations, and supplementary legislative proposals.

We have considered in this article several points that would help ensure that this law is developed in a fair and reasonable manner as it continues to mature. Four points in particular may appropriately be summarized in conclusion. First, the notion of access is the basic right that copyright and neighboring laws should aim to regulate, and thus the concept should be employed wherever possible to unify developments in the law. It is, of

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[151] *Id.*

[152] *See* Intellectual Property Policy Directorate, Industry Canada, Consultation Paper on Digital Copyright Issues (June 22, 2001), *at* http://strategis.ic.gc.ca/SSG/rp01099e.html (framing many of the choices to be made in the forthcoming amendment to the copyright law). *See also* Jason Young, *Digital Copyright in Canada: Issues, Implications and Critique* (last updated May 15, 2002), *at* http://www.lexinformatica.org/copyright (providing links to resources regarding prospective changes to copyright law in Canada).

[153] *See* Free Trade Area of the Americas, Draft Agreement, *Chapter on Intellectual Property Rights*, at 8.39–8.41 (July 2, 2001), *available at* http://www.ftaa-alca.org/ftaadraft/eng/ngip_e.doc [hereinafter FTAA Draft Agreement]; *Overview of the FTAA Process* (last visited June 1, 2002), *at* http://www.ftaa-alca.org/View_e.asp. Note that the anti-circumvention provisions of the draft treaty are, in fact, somewhat more stringent than those of the DMCA.

course, unlikely that the current copyright regime will be abandoned anytime soon in favor of a singular, all-inclusive access right.[154] Nevertheless, an understanding of this basic underlying principle will help move the law, as it evolves, in a sensible direction that is consonant with the centrality of the idea of access.

Moreover, pulling the rights protecting technological measures into a single legal framework — the approach of the E.U. and Australia as opposed to the U.S. and Japan — will provide for a law less likely to generate confusion and contradictions. We have seen, for example, the muddle that has resulted in the wake of the U.S. Congress's unfortunate failure to anticipate the instability of the distinctions between "copy" and "access."[155] One of the principal problems with such an approach is that by providing separate bodies of law dealing with the same subject matter, the possibility increases that critical exceptions allowed for in one area of the law will be overrun in another. The result of this tactic is a reduction in legislative accountability due to obfuscation: lawmakers may trumpet to their consumer constituents the provision of allowances that are, in fact, purely illusory. Surely a certain amount of transparency is necessary if proper and careful balances of interests are to be achieved in these laws.

Second, it is necessary for the government to intervene in some minimal way to correct the copyright imbalances that would otherwise occur in a purely unregulated market.[156] David Post nicely encapsulates the debate over the extent to which government should be involved in protecting consumer rights in his book review of Lessig's *Code and Other Laws of Cyberspace*.[157] Lessig looks to constitutional principles and ultimately to the notion of democratic politics to protect these sorts of individual rights,

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154 *But see* Kamiel J. Koelman, *A Hard Nut to Crack: The Protection of Technological Measures*, 22 EUR. INTELL. PROP. REV. 272, 276 (2000) ("[T]he trend seems to be for copyright to slowly move in the direction of granting an exclusive right of access.").

155 The rulemaking proceeding conducted by the Library of Congress in October 2000 commented on this very fact, pleading with Congress to "clarify its intent . . . in offering disparate treatment for access controls and use controls . . . ." Exemption to Prohibition, *supra* note 92, at 64,568. A similarly regrettable redundancy occurs in the overlap of Article 11 and Article 12 legislation.

156 Of course, reliance on government to strike fair balances will only be as effective as a legislature's collective ability to avoid the excessive influence of well-funded industrial lobbying. *See, e.g.*, Vinje, *supra* note 1.

157 David G. Post, *What Larry Doesn't Get: Code, Law, and Liberty in Cyberspace*, 52 STAN. L. REV. 1439 (2000); *see* LESSIG, *supra* note 4. Strictly speaking, the debate is about competing notions of how the Internet should be governed, of which the copyright issues form just a part. Nevertheless, the arguments advanced work well in the copyright context.

explains Post.[158] That is, we can get the law that we need to preserve necessary balances, but only if we as citizens get involved, "collectively, and responsibly," before the corporate conglomerates successfully lobby us right out of the picture.[159] Post, however, takes issue with this vision, finding fear and not solace in the prospect of having a government step in and figure it all out.[160] He turns to the market, instead, confident the invisible hand will guide industries to preserve the uses that consumers really care about, and efficiently jettison the rest.[161]

Post makes a compelling argument for the desirability of reliance on the market; indeed, many have shared his worries about the negative effects that undue government intervention can spawn — the "risks of social engineering."[162] Even Post, however, acknowledges that the market has its limits,[163] and those limits are readily apparent at the edges of copyright law. For example, it has been suggested that where uninformed consumers do not appropriately value the general benefits to society made possible by copyright exceptions (parodies and reverse engineering, for example) an unregulated market will be insufficient to sustain those socially valuable activities.[164] Government may wish to preserve the ability of consumers to engage with works rather than merely experience them in the interest of promoting "semiotic democracy."[165] Furthermore, there are certainly scenarios in which copyright owners might rationally decline to offer certain uses that consumers would gladly pay for now, in an attempt to preserve market power in the long run. For example, Microsoft has little incentive to offer a bare-bones version of its operating system — even if such a product would be in high demand — because a full-featured

158 Post, *supra* note 157, at 1455.

159 *Id.*; LESSIG, *supra* note 4, at 220. Lessig continues, "If there is no government to insist on these values, who will do it?" Post, *supra* note 157, at 1456; LESSIG, *supra* note 4, at 220.

160 Post, *supra* note 157, at 1457 ("We do not, in fact . . . need a 'plan' [and we should be] terrified of those who assert that they need to enlist the coercive powers of the State to implement [such a] plan.").

161 *Id.* ("If there is a serious alternative to the invisible hand that is suitable for this task, I am not aware of it.").

162 *See* Burk & Cohen, *supra* note 28, at 78 (comparing laws mandating seatbelts in cars with those mandating "wiretap ready" capabilities in telephones). *Cf.* Fisher, *supra* note 1, at 1242-45 (collecting arguments in favor of certain compulsory terms with regards to Internet contracts).

163 Post, *supra* note 157, at 1459 ("[T]he conscientious libertarian recognizes that there are times when collective action is required to promote the common welfare, that the government, while not always the answer, is not always the enemy, and that deliberation need not always be de-liberating.").

164 *See* Julie E. Cohen, Lochner *in Cyberspace: The New Economic Orthodoxy of "Rights Management"*, 97 MICH. L. REV. 462, 550 (1998).

165 *See* Fisher, *supra* note 1, at 1217.

Windows as it is sold today is a much more powerful tool for maintaining Microsoft's current dominant market position.[166]

Up until now, the general approach taken by most countries has been to provide legal protection for all access control measures protecting copyrighted works, no matter how those measures are employed. The multitude of possibilities for market failure suggests that governments should take a more active role in this area, tempering the current approach by imposing some focused limitations that would cabin the permissible scope of technological controls.

Third, we have seen that a wide array of regulatory methods is available to the government in its efforts to protect authors and foster creativity. Where infringement is widespread, strengthening legal prohibitions against the act of infringement is unlikely to be effective; such activities must be regulated indirectly instead. The tighter these indirect regulations, however, the more important it becomes for laws to incorporate safety valves that preserve consumer interests (for example, through the use of "encoding rules" placing limits on content providers in the context of government technology mandates).

Several commentators have proposed ways in which government might impose these sorts of limits. Dan Burk and Julie Cohen, for example, suggest a twofold approach for a system that would build additional allowances for fair use back into the law.[167] The law would require some fair uses to be semi-mechanized and built into devices (e.g., software would be required to allow limited excerpting from media, say, based on a percentage of the length of the work).[168] Furthermore, where the mechanized system would fail to provide the requisite flexibility for a certain fair-use project, petition could be made to a key repository — say, the Library of Congress — which would allow for effectively anonymous access to works for more substantial fair uses.[169] Burk and Cohen have analyzed this approach against existing treaty requirements and found that it could be implemented within the current international copyright regime.[170]

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166 *See* Lyle Denniston, *Microsoft Judge Not Swayed by States Says She's Still Open to Broad Antitrust Curbs Against Firm*, BOSTON GLOBE, May 16, 2002, at E1 (describing attempt of several states in antitrust suit to force Microsoft to offer a "stripped-down" version of Windows as part of remedy).

167 Burk & Cohen, *supra* note 28, at 54-55. Burk and Cohen note that their plan will nevertheless fail to provide the full flexibility enjoyed under the former fair use regime, characterizing the plan as "a second-best solution designed to make the best of a bad situation." *Id.* at 80.

168 *Id.* at 55-58.

169 *Id.* at 58-65.

170 *Id.* at 70-78.

Joe Kraus, the former president of Excite.com, has put forth an alternate proposal by way of a newly-formed organization (DigitalConsumer.org) whose purpose is to advocate the adoption of a "consumer technology bill of rights."[171] Testifying before the Energy and Commerce Committee of the U.S. House of Representatives, Kraus has explained that the mission of DigitalConsumer.org is to serve as an advocate, not for "teenagers swapping songs on the Internet," but rather "people who respect intellectual property but who also believe that their rights should not be 'collateral damage' in the 'war against piracy.'"[172] Included in his modest bill of rights are rights for users to time-shift and space-shift, to translate legally acquired content into comparable formats, and to use that content on platforms of their choice.[173] Such rights would serve as generalized encoding rules representing functionality that content owners and manufacturers of devices would be required to respect in building their systems.

Finally, perhaps the most difficult task in constructing balanced copyright laws for a digital age lies in deciding exactly where the correct balance of interests is to be struck. Of course, it is impossible to determine with any sort of precision the "correct" balance of interests in an economic sense (that is, the point at which the marginal social benefits of providing authors with a bit more protection is less than the associated social costs). As has been said in the patent context, such is "an unanswered, and perhaps unanswerable, empirical question."[174]

We have nevertheless seen at least two general principles that may be of some value in the balancing act. First, there is anecdotal evidence from the technology industry that suggests that government mandates on technology may carry with them significant social costs in terms of efficiency of design and use. Mandates should accordingly only be employed in collaboration with those parties who will be responsible for implementing the mandated technologies, and even these mandates should be as limited as is possible given the protection objective.[175] Where no mandate is given, an express "no mandate" policy such as that expressed in § 1201(c)(3) will ensure that the social costs of bad technology mandates are not inadver-

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[171] DigitalConsumer.org, *at* http://www.digitalconsumer.org (last visited June 1, 2002).

[172] *Id.*, *at* http://www.digitalconsumer.org/testimony-20020425.html (last visited June 1, 2002); *see also Digital Age Hearing*, *supra* note 124.

[173] DigitalConsumer.org, Bill of Rights, *at* http://www.digitalconsumer.org/bill.html (last visited June 1, 2002).

[174] Julie E. Cohen & Mark A. Lemley, *Patent Scope and Innovation in the Software Industry*, 89 CAL. L. REV. 1, 5 n.5 (2001).

[175] Such a cautious approach would be equally applicable to consumer-friendly mandates such as those suggested above (the Burk/Cohen and Kraus proposals).

tently incurred. The value of such a legislative safeguard, as we have seen, may be highly contingent on the exact phrasing utilized and the interpretation applied. For example, the FTAA draft treaty includes a no mandate provision, but explicitly states that the provision "does not provide a defense" to an alleged anti-circumvention violation.[176] Such language wholly eliminates the desirable benefits of a no mandate provision.

Second, we have noted that proper balancing of consumers' protections with authors' interests requires more than just the technical availability of fair uses. It is specious to simply argue that copyright exceptions need not be extended to every "preferred technique," since such a claim essentially sidesteps the fundamental question of how much convenience the consumer *should* be guaranteed in seeking to take advantage of copyright exceptions. Avenues for fair use need not be completely sealed shut before they are effectively closed to the public; this is the logical corollary to the rule that technological controls need not perfectly protect to be useful to authors.

These principles provide some guidance for the lawmaker engaging in the difficult and delicate task of drawing lines that promote the ultimate ends of copyright: to promote culture and the arts by ensuring rewards for authors. Insofar as the law evolves guided by these considerations, and duly informed by an understanding of the underlying technologies, we may hope that both authors and consumers alike will reap a fair share of the rewards of technological progress.

[176] FTAA Draft Agreement, *supra* note 153.

UNDERGROUND APPEAL: A SAMPLE OF THE CHRONIC QUESTIONS IN COPYRIGHT LAW PERTAINING TO THE TRANSFORMATIVE USE OF DIGITAL MUSIC IN A CIVIL SOCIETY

by CHRIS JOHNSTONE*

> *"Our public discourse comprises a rambunctious, effervescent brew of spectacle, prurient appeal, social commentary, and political punditry. It is part entertainment, but as it entertains, it often reveals contested issues and deep fissures within our society, just as it may reinforce widely held beliefs and values."*[1]

INTRODUCTION

Throughout the 1970s, the Bronx borough of New York City was perceived as a microcosm of desolate American urban hopelessness.[2] But within this economically barren wasteland, the city's culture cultivated a colorful new form of musical art, organically sown from the seeds of the past. What was born as a fringe musical movement has evolved into an American cultural mainstay. Today, hip-hop music experiences tremendous mainstream success, both as a credible art form and as a business. Yet the success and proliferation of this genre has been largely reliant on the use of samples of past funk, rock, and soul compositions.

Copyright law was established as a mechanism for the promotion of innovation. In the realm of digital sampling, however, its role remains somewhat unclear. While it is obvious that unauthorized copying of original compositions should be unlawful, the extent of this protection remains a doctrinally elusive concept when applied to small or manipulated fragments of music. The issue of digital sampling is equally thorny because of a lack of clear judicial guidance on the subject.[3] Although sampling can clearly be translated into standard copyright doctrine, its exact fit has yet to be definitively declared by the judiciary. District courts have only spo-

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[1] Neil Weinstock Netanel, *Copyright and a Democratic Civil Society*, 106 YALE L.J. 283, 350 (1996).

[2] *See* NELSON GEORGE, HIP HOP AMERICA 9-10 (1998).

[3] *See* Mathew Africa, *The Misuse of Licensing Evidence in Fair Use Analysis: New Technologies, New Markets, and the Courts*, 88 CAL. L. REV. 1145, 1173 (2000).

radically tackled the topic, deterring potential litigators who fear the consequences of inconsistent doctrinal application.

This essay will look at the issue of digital sampling through the lens of recent commentary that suggests that copyright law exists — in large part — for the purpose of reinforcing democratic principles such as informed debate, pluralism, and civic participation.[4] It will attempt to unravel the currently tangled doctrine of digital sampling to demonstrate the pitfalls of the present regime and will later suggest more appropriate guidelines for the recording industry that will minimize unnecessary fees and eliminate deadweight economic loss.

Part I will discuss the early history of rap music, explain the technological creativity involved in the process of digital sampling, and document the record industry's response to these developments. Part II will consider how this creative process fits into the doctrinal framework of copyright law and will analyze various policy considerations stemming from the current doctrinal approach. It will survey four leading cases to demonstrate the erosion of judicial skepticism and the improved sophistication of copyright application over the past ten years. Part III will consider the various philosophical justifications for copyright law and will argue that the "democratic approach" is the most appropriate tactic for designing a desirable system for a civil society. Part IV will evaluate and reject an opposing proposal of compulsory licensing which relies on an unworkable translation of § 105 of the Copyright Act to the practice of digital sampling. Finally, this essay will provide a novel solution that protects the incentives for creation and still allows for transformative uses that have social impact.

I. THE SOCIAL RELEVANCE OF RAP

A. Historical Evolution & Technological Innovation

The infancy of hip-hop music can be traced back to local parties in the parks of Jamaica, where thunderous sound systems played music to a population of people without the financial means to purchase their own records during the 1960s and 1970s.[5] Owners of these sound systems commissioned local musicians to record instrumental versions of popular American soul hits, and later began to rhyme over these songs as a way to incite the crowd.[6] These DJs were in fierce competition to garner local acclaim and built their performance reputation by recontextualizing American soul into instrumental Jamaican reggae rhythms.[7] After giving

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[4] *See* Netanel, *supra* note 1, at 347-52.

[5] *See* Henry Self, *Digital Sampling: A Cultural Perspective*, 9 UCLA ENT. L. REV. 347, 348 (2002).

[6] *See id.*

[7] *See id.* at 347.

past soul hits a cultural makeover, the DJs would "chat" or "toast" over the rhythms in a rhyming fashion, hoping to enliven the masses.[8]

This improvisational musical style was transplanted to the South Bronx, where DJs began to creatively blend the rhythms of funk and soul by using two turntables to play distinct parts of two songs simultaneously.[9] As the scratching and blending of records occurred improvisationally in the streets, this conceptual approach was paralleled by the use of new sampling machines in production studios. Products such as the E-mu Emulator, introduced in the early 1980s, allowed a producer to store, manipulate, and play back any sound that had been stored within it.[10] This product and its later versions quickly lowered production costs for authors and promoted the creation of innovative sounds out of the scraps of 1970s funk and soul recordings.[11]

Contemporary sampling techniques have retained many of the same attributes of the earlier machines, but have also integrated more sophisticated computers, drum machines, and synthesizers to create seamless musical compositions.[12] Not only have producers been able to reuse past sound recordings, but advanced technology has allowed them to manipulate the pitch, tone, and rhythm of a sample to render it practically unrecognizable. The process of sampling has been defined by musical experts as "the conversion of analog sound waves into a digital code. The digital code that describes the sampled music . . . can then be reused, manipulated or combined with other digitalized or recorded sounds using a machine with digital data processing capabilities, such as a . . . computerized synthesizer"[13] An influential district court opinion has more simply described the process in lay terms as "similar to recording the original composition and reusing it in another context."[14]

However this transformative use is described, "rap music" (also known as "hip-hop") has continued to rely on the process as a crucial part of its creative identity. For the sake of clarity, the term "rap music" has been defined as a "style of black American popular music consisting of

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[8] *See* Robert M. Szymanski, *Audio Pastiche: Digital Sampling, Intermediate Copying, Fair Use*, 3 UCLA ENT. L. REV. 271, 278 (1996).

[9] *See id.* at 277.

[10] *See* GEORGE, *supra* note 2, at 92.

[11] *See generally* Christopher D. Abramson, *Digital Sampling and the Recording Musician: A Proposal For Legislative Protection*, 74 N.Y.U. L. REV. 1666, 1668 (1999) (arguing that lower production costs have detrimentally affected studio musicians to a point where legislative protection is necessary).

[12] *See* GEORGE, *supra* note 2, at 92-96.

[13] Judith Greenberg Finell, *How a Musicologist Views Digital Sampling Issues*, N.Y.L.J., May 22, 1992, at 5 n.3.

[14] Jarvis v. A&M Records, 827 F. Supp. 282, 286 (D.N.J. 1993).

improvised rhymes performed to a rhythmic accompaniment."[15] Rap remains a vital force in its own right, but has also bled into the R&B genre to the point where *Billboard* magazine compiles separate weekly charts for "rap" and "R&B/hip-hop" singles.[16] While recording budgets in this genre have increased over the years, producers still consistently rely on sampling as a traditional part of their creative process, a method which certainly has not diminished hip-hop's marketability.

B. Commercial Impact & Widespread Acceptance

Hip-hop music has revolutionized the recording industry and has changed the complexion of American advertising. Rap dominates the billboard charts and accounts for a staggering percentage of total album sales each year. In the late 1990s, many record companies perceived rap music as the driving force of the industry — both creatively and financially.[17] In 1998, rap and influenced R&B music accounted for 44.2% of total album sales.[18] The three top selling albums in 2002 were hip-hop or "inflected R&B,"[19] each selling tens of millions of copies. Although rap began with primarily underground appeal, it has developed major widespread economic significance.[20] In many ways, rap has supplanted rock, as the scratch of a record has literally and metaphorically replaced the drum fill. Even in rock bands, it has become customary for many groups to include a DJ to provide an urban texture to their live ensemble.[21]

Beyond the music, hip-hop culture has had a profound impact on American business. Blue chip companies regularly employ rappers as

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[15] Campbell v. Acuff-Rose Music, Inc., 510 U.S. 569, 573 n.2 (1994).

[16] This information is viewable *at* http://www.billboard.com.

[17] A rapper from Queens, 50 Cent, recently set the record for the top-selling debut album of all time by tabulating sales of 872,000 copies in the first four days of his release. *See Rapper Has Top-Selling First Album Last Week*, N.Y. TIMES, Feb. 17, 2002, at C8. In 2002, Eminem's third album sold 13.4 million copies, demonstrating the widespread appeal of rap music. *See* Lynette Holloway, *P. Diddy Signs 3-Year Deal With Universal Records*, N.Y. TIMES, Feb. 8, 2003, at C1.

[18] *See* Ed Christman, *U.S. Music Industry Marks Strong Rebound in Yr.*, BILLBOARD, Jan. 16, 1999, at 85.

[19] Mr. Leland, *Feuding for Profit: Rap's War of Words/In Rap Industry, Rivalries as Marketing Tool*, N.Y. TIMES, Nov. 3, 2002, at 1.

[20] *See* Jeff Leeds, *The Great White Rapper Hope: Searching for the Next Eminem*, CHI. TRIB., Nov. 17, 2002, at 14 (noting that record industry surveys have consistently found that about 75% of rap music is purchased by white, Latino, and Asian consumers).

[21] *See* Jennifer Ordonez, *Bands Without Borders Give Music Labels More Mileage: Record Companies Try to Stretch Proven Acts Across Genres; No Doubt Seeks Hip-hop Fans*, WALL ST. J., Jan. 2, 2002, at A7.

spokesmen in their attempts to tap into youth advertising markets.[22] The mere unsolicited allusion to a certain product in a rap single has caused surprising increases in sales for certain companies.[23] Success in the marketing of hip-hop has become so widespread that many artists have begun to start their own diversified corporations, financing everything from film production to clothing lines.[24] Because the use of digital samples drives a great portion of the creative process, its legal availability has direct ramifications on the major financial — not to mention artistic — health of major record companies.[25]

C. *Risk Aversion & Routine Licensing*

In terms of musical production, traditional sampling has remained a steadfast component in the creation of new songs in the hip-hop industry. As producers have become increasingly subtle and sophisticated in their use of samples in producing new works, they have been equally conscious of the legal ramifications of their behavior. Record companies have created entire subdivisions dedicated making certain that sampled works have been contractually licensed or "cleared," from their owner.[26] Private firms have also entered the fray, serving as the primary means to negotiate and secure a clearance from a copyright owner.[27]

Record companies fear major consequences if they release music that includes samples that have not been licensed. This apprehension has been perpetuated by unsympathetic judicial opinions written in the early

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[22] Sprite, Pepsi, Coca-Cola, Dr. Pepper, Mountain Dew, Coors, and Heineken all employ rappers as spokesmen in some capacity. *See* Maureen Tkacik, *The Worlds of Extreme Sports and Hip-Hop Are Hangin' Together: Now Rap Artists Help to Hawk Gear for Boarders, Bikers; From 'Dew Dudes' to Busta*, WALL ST. J., Nov. 9, 2001, at B1. *See also* Mary Lisa Gavenas, *Full Court Press for Jay-Z (Hip-hop Artist to be Featured in Reebok Ads)*, DAILY NEWS RECORD, Dec. 16, 2002, at 26.

[23] *See* Christopher Lawton, *Roc-a-fella Records Invests in Vodka Brand: CEO Aims to Capitalize On Influence of Hip-Hop To Sell Armadale in U.S*, WALL ST. J., Dec. 30, 2002, at B4. *See also* Lynnete Holloway, *Hip Hop Sales Pop: Pass the Courvoisier and Count the Cash*, N.Y. TIMES, Dec. 2, 2002, at C1.

[24] *See id.*

[25] Bob Bahr, *R.I.P. Rap: Is Rap Dead?*, COURIER-JOURNAL (Louisville, Ky.), Nov. 29, 2002, at C1 (noting the "blurring of rap into rock, pop and R&B — which makes the distinctions increasingly blurry" while suggesting the strength of hip-hop music despite recent sales decreases, which the author and artists suggest are a result of a poor economy).

[26] *See* Grand Upright Music, Ltd. v. Warner Bros. Records, Inc., 780 F. Supp 182, 185 (S.D.N.Y. 1991).

[27] Companies such as Music Resources, Inc. represent hundreds of hip-hop artists in pursuing clearances from the catalogs of copyright holders.

1990s.[28] An injunction from the bench could require that an album be removed from commerce, causing major losses in profits. Further, criminal sanctions against those who willfully copy the works of others are suggested under § 506 of the Copyright Act.[29] With such draconian legal ramifications connected to elusive legal issues, record companies are obliged to simply pay for licenses.

Part of the explanation for such defensive and conservative actions are the transaction costs associated with litigating a copyright dispute compounded by the negative publicity associated with this type of controversy. The early cases involving sampling severely damaged the careers of a number of artists and received significant coverage in major newspapers.[30] Licensing has simply become an accepted cost of doing business in the hip-hop industry, where a popular record can quickly sell millions of copies within weeks. Finally, publishing departments look to avoid disputes between record companies, who are constantly negotiating with each other and would rather avoid constant confrontation.[31] These deals are eventually made — regardless of whether they are truly necessary — often without the consent of the original artist, who has long since signed away publishing rights.

D. Expressive Significance & Cultural Relevance

The process of sampling within the rap industry can be construed as a sophisticated modern recontextualization of past works.[32] Some commentators characterize the use of past soul and funk records as in step with the postmodern art movement.[33] This genre rejects the boundaries between high and low art and eschews divisions between the sacred and profane.[34] Hip-hop tends to embrace the postmodern aesthetics of discontinuity, simultaneity, and the diminishing authority of the author, ideas in rhythm with the overt manipulation involved in digital sampling.[35] Postmodernists also tend to discuss local subjects rather than purport to resolve more weighty issues.[36] With an emphasis on clever wordplay and storytelling, hip-hop provides a glimpse into the urban condition without

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[28] *See, e.g.*, *Grand Upright*, 780 F. Supp. 182.

[29] *See* Ronald Gaither, *The Chillin' Effect of Section 506: The Battle Over Digital Sampling in Rap Music*, 3 VAND. J. ENT. L. & PRAC. 195, 201-02 (2001).

[30] *See* GEORGE, *supra* note 2, at 95.

[31] *See* Gaither, *supra* note 29, at 204.

[32] *See* GEORGE, *supra* note 2, at 92.

[33] *See generally* Garth Alper, *Making Sense Out of Postmodern Music?*, POPULAR MUSIC & SOC'Y, Winter 2000, at 14; *see* Self, *supra* note 5, at 351-53.

[34] *See id.*

[35] *See* Dr. Mary Klages, *Postmodernism*, *at* http://www.colorado.edu/English/ENGL2012Klages/pomo.html (last revised Apr. 21, 2003).

[36] *See id.*

attempting to answer age-old questions. While the aesthetic and artistic worth of rap music is outside the scope of this essay,[37] it must be conceded that it provides a unique voice in American discourse, due in part to the transformative use of past creations. In these respects, therefore, hip-hop can be seen as an artistic filtration process, recontextualizing past works to create fresh cultural meaning.

Opponents, including many prominent political figures,[38] have categorically assailed rap music, declaring that it transmits negative messages to society, ignoring the possibility that artists may conversely be *reflecting* society's ills. While hip-hop is not characterized as being overtly political, its expressive significance has bled into the political arena.[39] In fact, many of the wars over censorship have been fought over the battleground of rap music.[40] Artists in this genre seem to often find themselves as national advocates for First Amendment freedoms in judicial disputes and in the court of public opinion because of the publicity generated by their controversial topics.[41]

Regardless of hip-hop's artistic legitimacy or political salience, the fact remains that it is a contributing vendor in the marketplace of ideas. Much of the recent scholarship confronting copyright law focuses on the relevancy of new creation based on transformative use. Interestingly, it should be mentioned that "many creative works have broad political and social implications even if they do not appear or even seek to convey an explicit ideological message."[42] In this sense, "even what may seem to be abstract, 'pure' artistic expression may challenge accepted modes of thought and belie the efforts of governments or cultural majorities to

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[37] As Justice Holmes once explained, "[i]t would be a dangerous undertaking for persons trained only to the law to constitute themselves final judges of the worth of [a work], outside of the narrowest and most obvious limits. At the one extreme, some works of genius would be sure to miss appreciation. Their very novelty would make them repulsive until the public had learned the new language in which their author spoke." Bleistein v. Donaldson Lithographing Co., 188 U.S. 239, 251 (1903) (holding that circus posters have copyright protection).

[38] Bill Clinton, Lynne Cheney, Tipper Gore, Dan Quayle, and pundit Bill O'Reilly have all criticized rap music in some manner during their political careers.

[39] *See* Kirk Miller, *Beastie Boys on the Attack: First New Song in Years Slams Bush; Album is in the Works*, ROLLING STONE, Apr. 3, 2003, at 17.

[40] *See, e.g.*, Gwen Ifill, *Clinton Stands by Remark on Rapper*, N.Y. TIMES, June 15, 1992, at A1.

[41] *See, e.g.*, Jonathan Gold, *Ice-T Raps Himself in First Amendment*, L.A. TIMES, Dec. 3, 1989, at 66.

[42] Netanel, *supra* note 1, at 349.

standardize individual sensitivities and perceptions."[43] Part IV of this essay will demonstrate how copyright law exists to serve the goals of a properly functioning democratic civil society, and how hip-hop producers should be given greater transformative privileges to achieve copyright law's associational goals. But as the doctrine presently stands, the extent of protection is often based on difficult factual determinations made by members of the bench.

II. DOCTRINAL RESPONSES & ECONOMIC EFFECTS

The Copyright Clause grants Congress the power "to promote the progress of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective rights and discoveries."[44] The Copyright Act of 1976 now governs the rights of copyright holders and finds infringement for those who inappropriately copy, reproduce, or prepare derivative works.[45] In accordance with these rights, courts have not been successful in consistently defining an absolute legal standard for the practice of digital sampling, perhaps due to the factually unique circumstances of each case. To further complicate matters, borrowing from others implicates the rights to both the sound recording (master use license) and the musical composition (mechanical license).[46]

To establish infringement, the plaintiff must prove the valid ownership of a copyright and the illegal use of original elements of the work by the alleged infringer.[47] This latter requires proving two distinct elements: actual copying and improper appropriation.[48] Actual copying can be proven by either direct evidence or circumstantial proof that the alleged infringer had access to the original work and that the new work bears a "probative similarity" to the copyrighted work.[49] In the context of rap music, it is rarely disputed that the copying took place, shifting the brunt of the analysis to the issue of improper appropriation.

The improper appropriation standard is satisfied by demonstrating a "substantial similarity" between the original work and allegedly infringing work.[50] This standard is met when "the protected elements of the work would cause an average lay observer to 'recognize the alleged copy as hav-

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[43] *Id.* at 349; *see generally* Marci A. Hamilton, *Art Speech*, 49 VAND. L. REV. 73 (1996).

[44] U.S. CONST. art. I, § 8, cl. 8.

[45] 17 U.S.C. § 106 (2000).

[46] DONALD S. PASSMAN, ALL YOU NEED TO KNOW ABOUT THE MUSIC BUSINESS 308 (2000).

[47] *See* Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 361 (1991).

[48] *See* Jean v. Bug Music, No. 00 CIV 4022(DC), 2002 WL 287786 *1, *4 (S.D.N.Y. Feb. 27, 2002).

[49] *See* Ringgold v. Black Entm't Television, Inc., 126 F.3d 70, 75 (2d Cir. 1997).

[50] *See Jean*, 2002 WL 2877864, at *4.

ing been appropriated from the copyrighted work.'"[51] In proving "substantial similarity" there are no bright line rules and both qualitative and quantitative determinations are often relevant.[52] Courts routinely discriminate between protectable original expressions in a work and common phrases that do not deserve copyright protection.[53] When an alleged infringer's copying is so trivial as to be below the threshold of "substantial similarity," it will be considered de minimis, and therefore not actionable.[54] In the case of sampling, this defense has the ability to prove quite useful, considering the short and sometimes unrecognizable uses of past samples.[55]

A. Case Law Evolution

The litigation of digital sampling is presently addressed by federal copyright law. Yet the subject remains a highly contentious — and unpredictable — area because of limited judicial guidance and unique factual disputes. This section includes four major cases to flesh out the various approaches courts have taken to construct a doctrinal framework and to demonstrate the erosion of wholesale judicial dismissal of sampling in exchange for more subtle and sophisticated legal analysis.

1. Grand Upright Music, Ltd. v. Warner Bros. Records*: First Impression (1991)*

In the very first opportunity for judicial guidance on the issue of digital sampling, the District Court for the Southern District of New York provided scant legal analysis. Judge Duffy's opinion surprisingly began by quoting the Seventh Commandment as statutory authority, stating "thou shalt not steal."[56] The Court concluded that "the only issue"[57] of the case pertained to the authenticity of the original copyright ownership and refused to consider the separate distinct elements for a copyright infringement claim. The opinion, if read literally, seemingly holds that any and all sampling of music constitutes automatic copyright infringement.

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[51] *See id.* (citing Durham Indus., Inc. v. Tomy Corp., 630 F.2d 905, 912 (2d Cir. 1980)).

[52] *See id.* at *4.

[53] *See id.* at *5 (alluding to Stratchboneo v. ARC Music Corp., 357 F. Supp. 1393, 1405 (S.D.N.Y. 1973)).

[54] *See id.* at *4-5.

[55] *See generally* Newton v. Diamond, 204 F. Supp. 2d 1244 (C.D. Cal. 2002), *aff'd*, 349 F.3d 591 (9th Cir. 2003).

[56] Grand Upright Music, Ltd. v. Warner Bros. Records, Inc., 780 F. Supp. 182, 183 (S.D.N.Y. 1991).

[57] *Id.*

In the facts of the case, renowned rap artist Biz Markie used three words and a portion of a sound recording from Gilbert O'Sullivan's 1970s ballad *Alone Again (Naturally)* for a performance on his album *I Need a Haircut*.[58] In crafting his recording, Markie sampled the first eight bars of *Alone Again (Naturally)* and played the same small portion continuously to create a recurring melody in a process known as "looping."[59]

Judge Duffy declared that Markie showed "callous disregard for the law"[60] and tersely referred the matter to the U.S. Attorney for consideration of criminal prosecution under § 605 of the Copyright Act.[61] Duffy also granted injunctive relief, requiring that Markie pull his records from the shelves and remove his works from commerce, despite his various unsuccessful overtures to secure a license.[62] By declining to conduct an analysis on the issues of de minimis copying or fair use, the opinion has been severely criticized by commentators.[63] The *Grand Upright* analysis seems simply to read that even a limited use of a protected musical recording constitutes a *per se* violation of copyright law. Subsequent cases have considered — and disregarded — *Grand Upright* and have instead conducted a more detailed analysis to uncover infringement.[64] Naturally, *Grand Upright* sent a chilling effect through the recording industry, causing increased internal policing of sampling for fear of adverse and inconsistent judicial treatment.

2. Jarvis v. A&M Records*: Defining Scope (1993)*

In a case involving a classic example of digital sampling, the New Jersey District Court provided more helpful analysis and began to define the parameters of copyright ownership in this context. At issue was whether the use of a mixture of vocals and instrumentals would constitute unlawful appropriation of the plaintiff's musical composition.

Defendants Robert Clivilles and David Cole[65] wrote and recorded a song entitled *Get Dumb! (Free Your Body)* and distributed three separate

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58 *See id.*

59 *Id.*

60 *Id.* at 185.

61 *See id.*

62 *See id.* at 184.

63 *See* Carl A. Falstrom, *Thou Shalt Not Steal:* Grand Upright Music, Ltd. v. Warner Bros., Inc. *and the Future of Digital Sound Sampling in Popular Music*, 45 HASTINGS L.J. 359, 378 (1994); *see* Randy S. Kravis, *Does a Song by Any Other Name Still Sound as Sweet?: Digital Sampling and Its Copyright Implications*, 43 AM. U. L. REV. 231, 266-67 (1993).

64 *See, e.g.*, Jarvis v. A&M Records, 827 F. Supp. 282 (D.N.J. 1993); Newton v. Diamond, 204 F. Supp. 2d. 1244 (C.D. Cal. 2002), *aff'd*, 349 F.3d 59 (9th Cir. 2003).

65 Famous producers, professionally known as the C&C Music Factory.

versions of the work commercially.[66] During the bridge of this song, the defendants used a sample of a song by Boyd Jarvis entitled *The Music's Got Me*.[67] They conceded that they had used the sound recording which contained the lyrics "ooh, move, free your body," accompanied with a keyboard riff extracted from the plaintiff's sound recording.[68] This riff functioned as both the rhythm and the melody for the extended bridge in the final several minutes of the defendant's composition.[69]

Judge Ackerman characterized a short sample of the plaintiff's work as an example of "fragmented literal similarity,"[70] or the verbatim copying of distinct portions of a sound recording. The Court focused its analysis on the plaintiff's musical composition claim because the defendants had made a *prima facie* showing of ownership of the sound recording. The Court stated that once copying has been established, the analysis should center on whether the defendant has appropriated, "either quantitatively or qualitatively, 'constituent elements of the work that are original.'"[71] The court then denied the defendants' summary judgment claim, stating that there existed a strong possibility that the distinctive keyboard riff and the vocal expressions were original enough to be wrongly appropriated. It considered the plaintiff's lyrical phrase and keyboard riff "attention-grabbing"[72] and "an expression of an idea that was copyrightable."[73]

In breaking with the approach of *Grand Upright*, *Jarvis* stressed the importance of assessing the originality of a copied portion of the underlying composition in determining the unlawful appropriation of a musical composition and carved out a factual circumstance that would survive a summary judgment claim. Yet, while the improved detail of the analysis was helpful, the extensive damages portion of the opinion demonstrated to members of the recording community the consequences of not clearing digital samples, feeding more into the conservative behavior of record companies.

3. Williams v. Broadus: *An Unlikely Defense (2001)*

In the District Court for the Southern District of New York, Judge Mukasey was confronted with another case of fragmented literal similarity

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66 *See Jarvis*, 827 F. Supp. at 286.
67 *See id.* at 286.
68 *See id.* at 291
69 *See id.*
70 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 13.03[A][2], at 13-46 (2003).
71 Feist Publ'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340 (1991), *quoted in* Jarvis v. A&M Records, 827 F. Supp. 282, 291 (D.N.J. 1993).
72 *Jarvis*, 827 F. Supp. at 292.
73 *Id.*

and produced an opinion with dicta that hinted toward the prospect of noninfringement in the instance of the limited transformative use of a sample.

Plaintiff Marlon Williams recorded a rap song entitled *The Symphony* and sampled two measures of *Hard to Handle*, by Otis Redding.[74] This copied portion consisted of a five-note ascension and a five-note decline and was replayed — or looped — in 124 of the 140 measures of *The Symphony*.[75] World renowned rapper Calvin Broadus, known professionally as Snoop Dogg, then used a portion of Williams' recording in his work entitled *Ghetto Symphony*.[76]

Williams sued Broadus, claiming that *Ghetto Symphony* unlawfully appropriated his work. As a novel defense to the use of an unlicensed sample, Broadus argued that the plaintiff himself did not have a valid copyright because statutory law prohibits copyright protection for any part of a derivative or collective work in which pre-existing material has been used unlawfully.[77] Ironically, a rap artist who had used hundreds of samples in the production of his compositions was arguing for stronger copyright protection for an original work as a way insulate himself from liability for using an unlicensed sample.

However, Judge Mukasey denied the defendant's summary judgment claim on the grounds that it would not be unreasonable for a jury to find that the plaintiff's work had not unlawfully appropriated the work of Otis Redding.[78] The Court surprisingly determined that it was possible that a jury could find that the two works were not "substantially similar," noting that the plaintiff had only copied two of the fifty-four measures of Redding's original composition, and that the "substantial similarity" test inquires whether the sample is a substantial portion of the pre-existing work, not a substantial portion of the infringing work.[79]

This decision has increased the possibility that the recurring use of a small sample could avoid copyright infringement — especially if the sample is qualitatively unimportant to the original composition. Rap producers often employ this process of looping as a way to create a new melody from segments of past songs. The district court's ruling, therefore, opens

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[74] *See* Williams v. Broadus, No. 99 Civ. 10957 MBM, 2001 WL 984714, *1, *3 (S.D.N.Y. Aug. 27, 2001).

[75] *See id.* at *4.

[76] *See id.* at *1.

[77] 17 U.S.C. § 103(a) (2000).

[78] *See Broadus*, 2001 WL 984714, at *4-5.

[79] *See id.* at *4 (quoting 4 NIMMER, *supra* note 70, § 13.03[A][2], at 13-46).

up the possibility for greater access if the sample is a relatively limited part of the original composition.[80]

More importantly, the court made an interesting conceptual distinction, prioritizing the importance of vocalized lyrics over simple background music.[81] In dicta discussing the pervasiveness of the Redding's five-note sample in *The Symphony*, the Court suggested that a reasonable finder of fact could find that "because the lyrics of 'The Symphony' do not use the copied portion of 'Hard to Handle' and because the lyrics are the most significant portion of 'The Symphony,' it follows that 'Hard to Handle' does not pervade plaintiff's composition."[82] Thus, the court conceptualized that a jury could prioritize dominating and distinctive lyrics over less unique background music in its analysis of "substantial similarity," when determining whether a work is derivative. This discussion is extremely provocative in the context of rap music, where it is arguable that the distinctive lyrics — rather than the manipulated background music — drive the expressive character and aesthetic feeling of a new work. Allowing this type of factual conceptualization of transformative use would constitute a major victory for hip-hop producers.

4. Newton v. Diamond*: The Importance of Originality (2002)*

In the District Court of the Central District of California, Judge Manella seemed to break with the pattern of judicial skepticism toward sampling by granting summary judgment to a rap group that had sampled six seconds from an original composition without securing the rights to the musical composition. Influential hip-hop artists, the Beastie Boys, sampled a three-note sequence of a flute composition composed and performed by James Newton, world renowned flutist, Guggenheim Fellow, and Professor of Music.[83] The group obtained a license to the sound recording of *Choir* from Professor Newton's record company and used sampling technology to layer the three-note sequence into their hit song, *Pass the Mic*. The segment in question consisted of a vocalization technique explained in the notated musical composition that required the performer to finger a C above middle C on the flute while simultaneously singing the same C, ascending a half step to D-flat, and then descending back down to C.

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[80] *But see* Stephen R. Wilson, *Music Sampling Lawsuits: Does Looping Music Samples Defeat the De Minimis Defense?*, 1 J. High Tech. L. 179 (2002) (arguing that case law has actually expanded protection and that looping is an increasingly risky practice).

[81] *See Broadus*, 2001 WL 984714, at *4.

[82] *See id.*

[83] Professor Newton has been widely considered the world's best flutist for the past twenty-one years.

The court framed the first issue by determining the scope of protection afforded by the copyright over the musical composition for *Choir.* The plaintiff's expert witness contended that Professor Newton's particular approach to the technique of vocalization included a method of overblowing the underlying C note to produce an effect of "multiphonics," a process which modified tone color to produce an effect that was uniquely his own. He argued that this "unique" approach rendered the extracted part of his musical composition original and therefore protected. However, the Court noted that the musical composition only contained the notation for generic vocalization and that "the copyrighted score of *Choir* does not delineate the techniques necessary to reproduce Plaintiff's 'unique sound.'"[84] More damaging, the plaintiff had indeed included notations to overblow in his musical composition, *Toru.*[85] At trial, the defendants produced nine different recordings by a variety of composers that used the same standard vocalization technique and the plaintiff's own expert was forced to concede that the practice was established in the second half of the twentieth century as a "relatively common performance practice in the avant-garde music which grows out of the cultivated Western written music tradition."[86] As a result of this evidence, the court found that the absence of notation for his original style of performance precluded copyright protection of this small part of his musical composition, rendering it unnecessary for the defendants to secure a mechanical license.[87]

After granting the defendants' summary judgment on the issue of the originality of the extracted part of the musical composition, the question of whether the two works were substantially similar was a moot point. Yet the court took the opportunity to rule on this issue, and explained that infringement is considered de minimis when the defendant has proven that the copying of the protected work is so trivial "as to fall below the quantitative threshold of substantial similarity, which is always a required element of actionable copying."[88] In these cases involving fragmented literal similarity, the court stated it is appropriate to consider both quantitative and qualitative factors in reference to whether the defendant utilized a substantial portion of the plaintiff's work.

In her evaluation, Judge Manella explained that the defendants had only used approximately 2% of *Choir* and that the plaintiff would have to

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[84] Newton v. Diamond, 204 F. Supp. 2d 1244, 1251 (C.D. Cal. 2002), *aff'd*, 349 F.3d 591 (9th Cir. 2003).

[85] *See id.* at 1252.

[86] *Id.* at 1250.

[87] *See id.* at 1256.

[88] *See id.* at 1257.

rely on qualitative factors to prove that the sampling was not de minimis.[89] In evaluating the qualitative features of the sampled musical composition, the court determined that "neither the two notes in the three-note sequence, the common vocalization technique, nor the combination thereof imparts qualitative importance or distinctiveness to the six-second excerpt,"[90] and ruled in favor of the Beastie Boys that the use of the sample was de minimis.

No academic commentary has yet discussed this case or its likely effects on the availability of samples in the marketplace. Some may consider this a victory for samplers, but it is relatively rare for artists to negligently exclude the notation for the original aspects of their musical compositions. While the court's exact de minimis standard — the crux of the issue — was not specifically defined, the case does show a propensity to at least consider the application of the defense. Additionally, the case's factual background demonstrates the instance of a holdout problem when the owner of the original compensation completely refuses to negotiate for transformative use because of a difference of opinion about artistic sensibilities.

B. Market Effects of Doctrinal Framework

The utilitarian justification for intellectual property maintains that property rights are created for the maximization of social welfare.[91] The present system of ad hoc licensing causes many problems in terms of allocative efficiency. First, major transaction costs are associated with hiring a clearance department and consulting a lawyer during the process of attaining a license. This routine is further complicated by the fact that individuals are forced to seek permission from both the owner of the sound recording and the musical composition, often separate entities. With no time constraints, property holders can hold out, completely denying access of a work to the secondary market. This behavior serves as an impediment to the maximization of net social wealth.[92]

As mentioned earlier, it remains unclear whether many of the licenses that are secured are indeed necessary. Lawyers are rarely hesitant to send intimidating cease-and-desist letters and can easily threaten dire legal consequences such as injunctive relief and criminal sanctions. When faced with the prospect of having a publicized album potentially pulled from the

89 *See id.* at 1258.

90 *See id.* at 1259.

91 William Fisher, *Theories of Intellectual Property*, *in* NEW ESSAYS IN THE LEGAL AND POLITICAL THEORY OF PROPERTY 1 (Stephen Munzer ed., 2001), *available at*: http://cyber.law.harvard.edu/people/tfisher/iptheory.pdf.

92 The utilitarian theory to intellectual property posits that property rights to public goods exists as a way to maximize net social welfare. *See id.*

shelves and a possible investigation by a U.S. Attorney, it is likely that producers would rather opt to pay a licensing fee. The unequal bargaining power between musicians and record companies further exacerbates the over-evaluation of licenses.

The purpose of strong individual property rights can be linked to Coasian theories that posit that absent transaction costs, assets will flow to their highest, most efficient use.[93] However, various economic problems result when these property holders are absolutely unwilling to engage with any buyers. The concept of deadweight loss can be explained as the cost of missed economic opportunities, resulting in market inefficiency.[94] Under the present doctrinal paradigm, there are consumers in the economy who value certain samples more than their marginal cost in the secondary market for transformative use, but do not get to "consume," or purchase a license to use them. The number of samples now sold is not where the supply and demand curves meet. Rather, the quantity sold is less than optimal, decreasing consumer benefit. The deadweight loss stems from this underconsumption, especially if this model assumes that the psychic harm suffered by the offended copyright owner is somehow quantifiably less than the value of the sample on the open market. When the government attaches a strong property right to an original author, the decreased proliferation of transformative uses results in an economic deadweight loss to society.

Accordingly, the true market value for transformative access to a particular work should not be the outcome of an unbalanced bilateral negotiation. Rather, the more accurate evaluation of its worth on the open market would be a universal auction, allowing the work to flow to its highest and best use. Assets that are held onto by stubborn property holders are stagnant and transformative use is universally hindered. These results suggest that the public consumer surplus is being absorbed by the private creators of original works, a conclusion in step with a great deal of commentary evaluating the overall expansion of the American copyright regime.[95] It is not surprising, therefore, that many dormant works that could be used in the secondary market have been rendered obsolete and useless, diminishing society's net welfare.

C. Policy Considerations

Inefficiencies in the markets for secondary uses suggest that the current regime may not be achieving some of its underlying utilitarian pur-

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[93] *See generally* Ronald H. Coase, *The Problem of Social Cost*, 3 J.L. & ECON. 1 (1960).

[94] *Economic Welfare and Deadweight Loss, available at* http://wuecon.wustl.edu/~moul/103f02/dwlhandout.pdf (last visited Apr. 27, 2004).

[95] *See* Netanel, *supra* note 1, at 297-306.

poses. But beyond the market effects that reduce profits for music companies, other policy considerations should also be addressed. When constructing or perpetuating the use of a doctrinal framework, it is necessary to constantly reassess whether this framework promotes desirable policy outcomes. Under the present system we could unknowingly be censoring certain speech and quelling creative diversity. When a force such as injunctive relief is available to copyright holders, they have the ability to serve as de facto gatekeepers, constructively barring access to those with unconventional expressions that may run counter to the copyright holder's beliefs. In this manner, private individuals have a strong say in what types of messages will be expressed in the transformative use of their music in the secondary market.[96] This level of control is undesirable in a free society, where expressive diversity should be fostered, rather than hindered.

Additionally, the present doctrinal morass provides little guidance to those in the music industry who are unsure whether their use of a digital sample is lawful. Particularly in the application of a de minimis defense, judicial doctrine is noticeably circular and unhelpful. Some courts have looked at the distinctiveness and originality of the sample when conducting the qualitative analysis,[97] stating that copying is de minimis, when it is "below the quantitative threshold of substantial similarity."[98] Yet the location of this "threshold" is extremely difficult to define, considering the potentially infinite factual combinations of musical sounds. Besides these factual ambiguities, the courts have mentioned other methods of determining whether a particular use is trivial. The Ninth Circuit believes that "a taking is de minimis if the average audience would not recognize the misappropriation."[99] This lack of clarity most severely hurts upstart producers with limited resources. Along these lines, the creative use of digital sampling should be permitted to allow novice producers to enter the market, avoid the expense of hiring a room of musicians, and lower their production costs. Without clear guidelines as to what type of behavior is appropriate, these types of individuals are excluded from creative use of a sample.

It seems apparent from these outcomes that the present statutory scheme does not adequately capture many of the recurring economic and policy goals involved in digital sampling. This requires a reconsideration of the function of copyright law and a reassessment of whether the current regime is achieving these goals.

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[96] *See* Geoff Boucher, *A Musician Writes It, A Rapper Borrows It: A Swap or a Theft?*, L.A. TIMES, Sept. 21, 2002, at F1.

[97] *See* Newton v. Diamond, 204 F. Supp. 2d 1244, 1258 (C.D. Cal. 2002), *aff'd*, 349 F.3d 591 (9th Cir. 2003).

[98] *See id.* at 1256.

[99] Fisher v. Dees, 794 F.2d 432, 435 n.2 (9th Cir.1986).

III. REASSESSMENT OF THE PURPOSE OF COPYRIGHT

This section will attempt to apply recent scholarship concerning the purpose of copyright law[100] to the issues involved in the practice of digital sampling. This commentary labels itself the "democratic approach," and contends that the primary purpose of copyright law is to enhance the democratic nature of a civil society.[101] Conceptually, the Copyright Act provides an impetus for two distinct methods of perpetuating democratic ideals. First, it serves the *production function*, by providing remunerative incentives to authors as a way to spur creative expression.[102] By producing a higher volume of works, copyright law enhances democracy by proliferating speech, adding to national debate, and encouraging public participation. Likewise, in its *structural function*, copyright law divorces innovation from state control and elite patronage, leading to more discursive diversity, crucial for the creation of independent associations and institutions,[103] essential components of a successful democracy.[104]

The academic debate concerning the true function of copyright law has grave implications on the current discussion of digital sampling, and transformative uses more generally. If this democratic approach is accepted, then the current trend of expanding rights, which has lead to the present situation of ad hoc licensing, should be truncated or replaced. This section will consider and discard the most conventional approach to copyright law, known as the "neoclassical approach," which sees copyright as a mechanism of allocating existing creative works to their highest socially valued uses. It will question this philosophical justification for copyright protection and argue instead that changes should be undertaken to enhance democratic ideals. As a result of this finding, the issue of digital sampling will be considered in a new light that will guide the creation of more appropriate legislation. This essay hopes to demonstrate that hip-hop's expressive qualities provide a unique perspective of American life and that the transformative use of digital samples should therefore be encouraged by preemptively assigning liability rules, rather than restrictive property rules.

A. Neoclassical Approach to Copyright

The present paradigm of an expansive copyright can be linked to economic principles that put faith in the ability of the market to appropriately

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100 This recent scholarship is primarily based on a highly influential article in the *Yale Law Journal* by Professor Neil W. Netanel, *supra* note 1.

101 *See id.* at 289.

102 *See id.* at 347.

103 These public associations include newspapers, museums, colleges, political groups, etc. that require the exchange of a rigorous public discourse to exist.

104 *See id.* at 341-47.

create incentives for innovation. This conventional approach, labeled as "neoclassicist," contends that an artistic innovation can be seen as a vendible commodity that should be granted fully exchangeable property rights.[105] It contends that these strong property rights are essential to the goal of allocative efficiency. As a result the system has created distinct boundaries that restrict transformative uses — such as digital sampling — because of a faith that competing consumers in the market for a product will channel new creations to their highest and best uses. It follows that with strong copyright laws backed by property rules, market pricing can guide the allocation of resources in the secondary market for transformative uses in an optimally efficient manner.[106]

In the rap industry, an author has the ability to sell the entitlement to his or her song for the highest amount. Neoclassicist theory contends that copyright law should serve to provide transformative privileges to the hip-hop producer who will bid the highest because he or she is best able to transform a sample of that work into a new expression that will satisfy public tastes. Once this has occurred, neoclassicists contend, copyright law has achieved allocative efficiency for society, placing the samples in the right hands to bring them to secondary musical fruition.

However, grave problems with this analysis have been uncovered by opposing economic scholarship. First, the economic principles espoused by the neoclassicists require many assumptions about consumer behavior that are not entirely reliable. Numerous studies have suggested that consumer preferences are constantly distorted by phenomena such as endowment effects, herd behavior, and taste addiction.[107] Second, the aforementioned model allows for the exploitation of influence, providing intellectual property holders with a great deal of censorship power when a holdout occurs. The possibility of bias against minority viewpoints — both racial and political — in favor of more palatable works impairs the idea of expressive diversity. Thus, the application of property rules in the market system can quell alternative viewpoints in favor for more marketable expression.

Although many authors license their work in the music industry, the holdout problems of uncooperative authors complicate the neoclassical rationale. If artists such as Professor Newton refuse to allow the Beastie Boys to sample his flute performance, transformative use will simply not take place, creating a tax on the volume of artistic expression. If it is indeed true that the courts have frightened record companies into paying for unnecessary licenses, there exists significant inefficiency and deadweight

105 *See id.* at 306-17.
106 *See id.* at 311.
107 *Id.* at 332 n.241.

loss as a result of such a robust copyright. Additionally, *Newton* provides an interesting example of the how a neoclassicist approach does not serve the structural function of copyright law. While Professor Newton is a classically trained flutist without an overtly political message in his instrumental music, the Beastie Boys were part of an alternative rock/rap movement and were constantly using their music to promote political causes of their liking.[108] With property rights subject to the whims of musical artists, individuals can effectively prohibit the transformative use of their work in a secondary market.

B. Support for Democratic Approach & Hip-Hop's Relevance

In contrast to this unbridled reliance on market economics to balance the goals of copyright, a series of commentators have instead argued that copyright should serve to create a just and attractive culture that enhances pluralism, improves political competency, and promotes associational diversity.[109] This "democratic approach" concedes that a sufficiently robust copyright is necessary to incentivize creation, but contends that these inducements can be adequately compensated with a liability rule that allows for the greater transformative use of dormant works. Historical approaches to defining copyright law in America demonstrate the centrality of the democratic approach to intellectual property.

Before the enactment of the Statute of Anne of 1710, the British Crown used its discretion in providing printing privileges as a way to assert censorial control.[110] The historical authority for the advancement of the democratic approach to copyright law derives from the lengths at which the Framers sought to create a public discourse independent of overreaching government control and manipulation. In this sense, the Framers recognized not only copyright's production function in the generation of expressive works essential to democratic dialogue, but were also exceptionally aware of structural function of copyright and sought to detach these expressive works from reliance on state sponsorship or elite control.[111] The early Republic depended upon privately funded associations — such as newspapers — to independently evaluate government policy. President Washington's address to Congress in support of a federal copyright statute, stated that the promotion of science and literature were necessary to secure a "free constitution . . . by convincing those who are

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[108] The Beastie Boys constantly weigh in on political issues and host the Tibetan Freedom Concert. *See* Miller, *supra* note 39.

[109] *See* Fisher, *supra* note 91, at 13.

[110] *See* LYMAN RAY PATTERSON, COPYRIGHT IN A HISTORICAL PERSPECTIVE 183 (1968).

[111] MICHAEL WARNER, THE LETTERS OF THE REPUBLIC: PUBLICATION AND THE PUBLIC SPHERE IN EIGHTEENTH-CENTURY AMERICA 124-25 (1990).

entrusted with public administration that every valuable end of government is best answered by the enlightened confidence of the public; and by teaching the people themselves to know the value of their own rights; to discern and provide against invasions of them; to distinguish between oppression and the necessary exercise of lawful authority . . . ."[112] In this manner, it was important that authors could write independent columns and derive revenue from the impact of their ideas rather than through the extent of their political investment. The Supreme Court has echoed this philosophy, stating that "[T]he Framers intended copyright itself to be the engine of free expression."[113]

The distention of the rights of copyright holders has caused a profound philosophical disconnect between the original purpose of copyright, and the way it operates in modern America.[114] Congress has continually lengthened the duration[115] of the copyright law and the courts have restricted transformative uses of protected works.[116] While modern rap music may not have the central importance of the first newspapers of early America, it still retains social relevance because changes in popular culture have the ability to either subvert or reinforce social mores, influencing the public consciousness in ways that overt political rhetoric cannot.[117] Professor William Fisher has used the term "Semiotic Democracy," to describe the personal process of making cultural meaning and explains that copyright law can be interpreted as a way to allow *all* individuals to be active participants in a dynamic discourse, capable of "help[ing] shape the world of ideas and symbols in which they live."[118]

Furthermore, the transformative use of past works, particularly in hip-hop, allows many marginalized segments of society to make powerful statements to the masses, enhancing America's participatory opportunities

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112 *See* Netanel, *supra* note 1, at 356 (citing UNITED STATES COPYRIGHT OFFICE, COPYRIGHT IN CONGRESS 1789–1904, COPYRIGHT OFFICE BULLETIN NO. 8, 115-16 (Thorvald Solberg ed., 1905) (quoting SENATE JOURNAL, 1st Cong., 2d sess. 103 (1822)). In committee, the Senate also saw the importance of independent political expression, stating that "Literature and science are essential to the preservation of a free constitution . . . ." BRUCE W. BUGBEE, GENESIS OF AMERICAN PATENT AND COPYRIGHT LAW 137 (1967) (quoting SENATE JOURNAL, 1st Cong., 2d sess. 105 (1822); 1 ANNALS OF CONG. 972 (Joseph Gales ed., 1790)).

113 Harper & Row, Publishers, Inc. v. Nation Enters., 471 U.S. 539, 558 (1985).

114 *See* Pierre N. Leval, *Toward a Fair Use Standard*, 103 HARV. L. REV. 1105, 1135 (1990) (stating that "[A]lthough copyright often results in suppression of speech, its underlying objectives parallel those of the first amendment.").

115 LAWRENCE LESSIG, THE FUTURE OF IDEAS: THE FATE OF THE COMMONS IN A CONNECTED WORLD 196-99 (2001); *see* Netanel, *supra* note 1, at 298.

116 *See generally* Netanel, *supra* note 1.

117 *See id.* at 351.

118 *See* Fisher, *supra* note 91, at 13.

and cultural diversity.[119] While some may criticize rap music for transmitting negative messages or perpetuating racial stereotypes, such judgments of the merits of hip-hop are misplaced because of the music's undeniable social relevance. In rejecting the proposal that obscene expression should not be eligible for copyright protection, a Fifth Circuit opinion denied that the law should require "each copyrighted work be shown to promote the useful arts."[120] It is not the government's role to define a hierarchy of speech, and courts have held that even obscene materials contain enough social message — whatever that may be — and that the copying of their expressions is forbidden. While this essay does not equate hip-hop with obscene materials, it merely seeks to demonstrate that *every* type of work should be supported and this encouragement should include greater privileges to the transformative process of making new meaning.

C. Production Function Requires Liability Rule

In promoting access, the democratic approach is optimally perpetuated with liability rules, rather than property rules that currently provide copyright owners with control that can span over a century.[121] Congress has already determined that such protection is overly expansive in the context of "cover" recordings.[122] In this sense, the legislative branch has already shown that it in some respects that it comports with the view that some transformative works can be adequately protected with a liability rule in the form of the compulsory license outlined by § 115 of the Copyright Act.[123]

Interestingly, this use of a liability rule achieves many of the goals of neoclassicist philosophy, without relying so heavily on the ability of market forces to achieve allocative efficiency. Because many record studios are risk averse in dealing with potential litigation costs, they often compensate the owner of a copyright, whether or not a sample is actually necessary. As discussed earlier, the overproduction of copyright holders creates a deadweight loss on net social welfare and a tax on the volume of total expression. By contrast, the attachment of a liability rule allows for greater access for transformative uses, increasing the artistic competitiveness in the market for transformative use.

The production function of copyright law can only be impaired in the event of substitution effects or diminished *ex-ante* incentives. The imposition of liability rules in the context of cover recordings has not been a

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119 *See* Netanel, *supra* note 1, at 351.

120 Mitchell Bros. Film Group v. Cinema Adult Theater, 604 F.2d 852, 860 (5th Cir. 1979).

121 17 U.S.C. § 201(a) (2000).

122 *Id.* § 105.

123 *Id.*

deterrent to pursuing musical ambitions, because the *ex-ante* incentives for becoming an author most likely do not contemplate — much less rely — on the possibility that their sound recordings and publishing rights will someday draw a revenue stream. In fact, many of the most sampled artists, such as funk pioneer George Clinton, had no idea that there would ever be such a secondary market for the use of his sound recordings. Thus, the success of compulsory licensing in the use of musical compositions for covers should be useful in indicating an answer to the problem of digital sampling.

This type of theory has been touched on by the Supreme Court in its decision in *Campbell v. Acuff-Rose Music, Inc.*,[124] which dealt with the question of whether the fair use defense was presumptively barred because of a work's commercial nature. The case, coincidentally, dealt with a notorious rap group, 2 Live Crew, who used the musical bass line and some of the lyrics of Roy Orbison's song entitled *Oh, Pretty Woman*.[125] The Court argued that the first factor, or "purpose and character test" in a fair use analysis existed for the purpose of determining whether the borrowing work merely supercedes the original, "or instead adds something new, with a further purpose or different character, altering the first with new expression, meaning or message; it asks, in other words, whether and to what extent the new work is 'transformative.'"[126] The Court continued, stating that the goal of advancing expression is "furthered by the creation of transformative works" because "such works lie at the heart of the fair use doctrine's guarantee of breathing space within the confines of copyright."[127]

In its analysis, the Court posed the idea of legislating the attachment of liability rules — instead of property rules — for works that in some way further the objectives of copyright law. It stated that "the goals of copyright . . . are not always best served by automatically granting injunctive relief"[128] and that "the goal of copyright, to promote science and the arts, is generally furthered by the creation of transformative works."[129] Therefore, the Court suggested that as a matter of policy, the law should consider compulsory licenses where a copyright owner's interest may be sufficiently covered by damages.[130] From this dicta, it is evident that the

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124 510 U.S. 569 (1994).

125 *See id.* An analysis of this case was not included in Part II, because the focus on the case dealt less with the doctrinal intricacies of copying and more with the fair use defense in examples of parody.

126 *Id.* at 579.

127 *Id.*

128 *Id.* at 576 n.10.

129 *Id.* at 579.

130 The Court stated that "while in the 'vast majority of cases, [an injunctive] remedy is justified because most infringements are simple piracy,' such cases are

Supreme Court has already shown a willingness to consider the concept of using damages in lieu of injunctions for transformative works as a way of stimulating the "strong public interest in the publication of the secondary work."[131]

IV. FRESH FRAMEWORK FOR GREATER ACCESS

A. Compulsory Licensing: Liability Rule vs. Property Rule

Commentators have suggested that Congress should amend the Copyright Act to include provisions that deal with digital sampling.[132] These scholars suggest that a possible solution lies in creating a compulsory licensing provision, similar to § 115 of the Act.[133] Presently, an individual may record a cover, or an entirely new recording of a protected musical composition, by complying with statutory fee requirements. The licensee must pay the greater of 8.5 cents per sale or 1.65 cents per minute of playing time per sale.[134] The original copyright holder, however, has no right of refusal and must allow anyone to cover his or her work, as long as the new version does "not change the basic melody or fundamental character of the work."[135] Applying an adapted version of this statutory scheme to digital sampling, some have argued, would remove sampling from its doctrinal quagmire and give clear instructions for hip-hop producers.

This type of statute, if applied to digital sampling, would serve both of the two opposing goals of copyright protection. First, it would continue to compensate the owners of original copyrights, creating further incentives for the creation of original works. With compulsory licenses, the *ex-ante* incentives for authorship would not only consist of revenue from the original recording, but would also include income from those who will use the master use license according to payment schedules in the statutory guidelines. To satisfy copyright's other aims, a system using a liability rule reduces the transaction costs involved in sampling, allowing for streamlined access to original works. A liability rule, in this sense, can further the goals of copyright law by automatically passing works into the public

'worlds apart from many of those raising reasonable contentions of fair use' where 'there may be a strong public interest in the publication of the secondary work [and] the copyright owner's interest may be adequately protected by an award of damages for whatever infringement is found.'" *Id.* at 578 (citing Abend v. MCA, Inc., 863 F.2d 1465, 1479 (9th Cir. 1988).

131 *See id.* at 578 n.10.

132 *See id*; *see generally* Falstom, *supra* note 63; Note, *A New Spin on Music Sampling: A Case for Fair Play*, 105 HARV. L. REV. 726 (1992); Kravis, *supra* note 63.

133 *See* Falstom, *supra* note 63; Note, HARV. L. REV., *supra* note 132; Kravis, *supra* note 63.

134 17 U.S.C. § 115(c)(2) (2000).

135 *Id.* § 115(a)(2).

domain in terms of transformative privileges so that they can be manipulated into new works.

B. Drawbacks to a Direct Translation of § 115 to Digital Sampling

The benefits of simplification afforded by a compulsory scheme along the lines of § 115 are purely illusory. As written, the present mandatory licensing scheme for mechanical licenses cannot be adapted to the process of digital sampling. Using the musical composition requires the payment of a single licensing fee to the owner of the copyright. Yet, the construction of hip-hop songs implicates both the rights to the musical composition and sound recording. A regime with a single fee would be unfeasible because it would not adequately compensate the owner of the master use license. Further, producers often layer multiple samples with their own composition to create a new song. A translation of § 115 into sampling terms would therefore require a producer to pay the statutory fee of 8.5 cents per sale to *each and every* right holder, decreasing the profitability of a songwriting venture of this sort. For many songs, this would create major disincentives to using samples at all, defeating the original purpose of lowering the production costs that hinder transformative use.

Other commentators have argued that the cover license fee could function as the maximum payment for a sample, based on the theory that "the fee to use part of a composition (or recording) should be no greater than the amount one would have to pay to interpret the entire musical composition in a cover."[136] Regardless of the logic of this evaluation, this type of payment regime may run into practical problems if producers begin to appropriate more content than a mere sample. If a ceiling is set at a certain value, it opens the door for someone to pirate an entire a work, pay the compulsory fee, and still turn a sizeable profit at the expense of major substitution effects working against the owner of the original work. Conversely, there needs to be a useful statutory distinction between piracy and sampling that channels wholesale copying to the current regime and transformative use to a more accommodating set of rules. Abstractly weighing the functional worth of samples compared to cover licenses is not the appropriate method of determining the best system that will promote the goals of copyright. Stepping back, it becomes apparent that the question is not how much should the original author be paid, but how can we provide fair access to this work to promote the ideals of a democratic civil society?

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[136] *See* Note, HARV. L. REV., *supra* note 132, at 740.

C. *Solution: Greater Access Through a Liability Rule*

1. Sampling vs. Piracy

The first step in creating a viable compulsory licensing scheme involves distinguishing between sampling and piracy. The wholesale copying of an entire work poses challenges to the *ex-ante* incentives that are anticipated by authors composing original works. A pirated album can sell for one dollar and turn a profit, causing substitution effects that impair the natural capacity to adequately and fairly compensate the original author, thereby threatening copyright's production function. Instances such as these pose much greater problems than transformative uses and should be treated differently. Therefore, when an author pirates the work of another, this behavior should be subject to conventional copyright law and perhaps be subject to even stiffer criminal penalties involved as a way to protect the robust incentive to create.

Along these lines, a compulsory license should be limited to the transformative use of digital samples. Legislation should define the process of sampling in terms of "*the extent to which the behavior of the alleged infringer is transforming, manipulating, or completely recontextualizing an old work in the process of making an expression with new meaning.*" Distinguishing between instances of wholesale piracy and digital sampling would be simple for hip-hop producers in a practical sense and far easier than the present situation of trying to decipher varying standards for a de minimis defense from recent district court cases. Simplifying the process in this manner removes many of these disputes from litigation, decreasing major transaction costs and curtailing asymmetrical bargaining power between record labels and producers.

Opponents of the use of a compulsory licensing regime argue that this type of system effects the *ex-ante* incentives for original creation and worry that multiple-taker problems could ensue. However, arguments cannot reasonably contend that there are true problems with substitution effects. Consumers of music never elect to buy a work using a sample in lieu of the original composition. To the contrary, when the use of a sample is actually detected, this awareness often creates a renewed interest in the music of the original work, often reviving the careers of past artists. In the current paradigm, multiple taker problems already exist because copyright owners are generally comfortable with extensive transformative use, as long as they are paid. Works such as *Impeach the President* by the Honeydrippers and *Funky Drummer* by James Brown are constantly drawn upon by hip-hop producers, yet their tone is often manipulated or the timing is often sped up, expressing new ideas. Finally, it is obvious that the loss of the right of refusal involved in § 115 has certainly not diminished the ability of original writers to turn a profit.

2. Taxation & Distribution

This essay proposes a system that uses liability rules while avoiding many of the problems associated with a strict translation of § 115 into language that covers digital sampling. As stated earlier, past proposals along the lines of this statute make it prohibitively expensive to sample more than one work in a new song. Conversely, new legislation should abandon the prohibitive expense of paying the entire statutory fee *to each and every* right holder for a more prudent alternative. A better solution lies in devising a unique system of compulsory licenses that allows for almost absolute access for transformative use, while still providing adequate compensation to original works that are popular selections by producers in the secondary market.

As stated earlier, any new proposal needs to distinguish between instances of digital sampling and pure piracy. In practical terms, this is not a difficult distinction for lay producers to make, especially when explained with the language used in Section IV-C-1.[137] The legislation would impose what can most easily be described as a "tax" for the general privilege to sample, with a constant rate that generates more revenue as the total number of sales of the secondary work increases. These fees would be collected by the Copyright Office which would be responsible for compensating the owners of copyrighted works according to the number of times that the particular sample is used by producers in the secondary market. Below are specific rules that would guide such a statute.

1. Application: At the end of each calendar year, a sampling producer would be required to submit the appropriate paperwork and fees to the Copyright Office, which would then distribute the revenue according to the provisions below. Only works used in commerce would need to file an application because personal uses would probably fall under the affirmative defense of fair use or the fees would otherwise be negligible based on a lack of commercial sales.

2. Fee Costs: These fees would generally equal the statutory guidelines for the use of the musical composition according to § 115, so as not to be prohibitively expensive, while at the same time compensating original authors according to how often secondary producers find their work useful. If an artist uses four samples in a new work, he or she would only be required to pay a flat tax rate on the total number of records sold during the year. In this manner, the amount due to

137 The language would evaluate this distinction on "*the extent to which the behavior of the alleged infringer is transforming, manipulating, and completely recontextualizing an old work in the process of making an expression with new meaning.*"

the Copyright Office is the same if a producer uses one or ten samples on a new track.

3. Fee Distribution: On a yearly basis, the Copyright Office would tally the total number of times secondary authors have sampled from a particular work to determine how much payment should be made to the original author. This money would be distributed according to the number of times the sample is used in relation to the number of total instances of sampling by producers nationwide. For example, if works by James Brown compose 1% of the total share of samples used, he would be compensated by 1% of the total adjusted gross income collected by the Copyright Office. In essence, this system provides an appropriate and fair portion to the copyright holder whose works are most often used in the secondary market.

4. Value: Within this system, each copyright holder would not be given the entire statutory fee for each time a sample of his is used because a producer might use more than one sample on a regenerative track. Instead, a copyright holder would be provided a cut of the total collection based on the number of times that his sample is used. Since an artist may use five different samples on a new song, the compensation for the use of a sample will be somewhat less than the payment for the cover of a musical composition according to § 115.

5. Timing: This proposed compulsory licensing regime would need to be cognizant of the issue of timing. While digital sampling often does not cause substitution effects, allowing someone to sample a work directly after the original has been released would pose problems. If a producer could have access to a newly released song, he or she could diminish the originality of that work, affecting its marketability and diminishing its lead time advantages. Thus, the proposed compulsory licensing regime would take this into account, effectively barring sampling under compulsory licensing for any work for *ten years* after its commercial release. If, however, the original author would like to sell the sampling privileges of the work before than, a contractual agreement would be perfectly acceptable as long as it did not provide an exclusive privilege beyond the statutory ten year period.

6. Positive Effects: This type of a system instills a compulsory license that allows works to more readily enter the public domain for transformative manipulation. In this manner, privileges are provided to all producers, without holdout problems, deadweight loss, or censorial control. According to Coase, assets will flow to their highest and

best use with the elimination of transaction costs.[138] By simplifying the process and eliminating the threats of litigation, this legislation allows for greater transformative use, while still compensating authors of original works. Further, copyright owners will still be adequately compensated to maintain incentives, as shown by the effects of § 115, which has not dampened the collective artistic urge to author original works. In its most simple sense, *the proposed compulsory fee serves as a tax on the samplers which is distributed to copyright holders according to the number of separate instances that their particular sample is used.*

7. Negative Effects: The proposed system does not take into account the relative importance of one sample over another in a particular song. The distribution system to original authors is based on the frequency that an original work is used by society, not the success of a secondary work using parts of that original. Some may argue that this type of compensation skews the apportionment system by not prioritizing significant samples over more trivial ones and by not accurately compensating samples according to their commercial impact. However, these guidelines allow for more utilized samples to retain a higher cut of the total incoming revenue, somewhat mitigating these problems. In the end, it may be actually desirable to avoid the difficult process of aesthetically judging the merit of one sample over another.

8. Noncompliance: Enforcing this system would not be difficult considering the lengths by which record companies presently police themselves and regarding the resources currently expended to ensure that copyright law is not violated. Under the proposed guidelines, the cost of negotiating with record companies would decrease, suggesting a greater likelihood of compliance. In the event that there is a dispute as to whether a work was actually sampled, the owner of the copyright could simply seek a declaratory judgment on the matter.

3. Example & Explanation

If X composes "Song X" and uses three protected samples (held by owners A, B, and C) in the construction of his secondary work and sells one million copies, he would be "taxed" for the general privilege to sample in the following manner:

> ***Payment "Into" Copyright Office:***
> ***Payment From X***: The user of sample A is required to pay a flat rate on the total sales of his composition, "Song X."

[138] *See generally* Coase, *supra* note 93.

(Total Sales) × (Compulsory Licensing Tax) = Amount Due to the Copyright Office

(1 million) × ($0.085) = $85,000 Payment Due From X

Total Income From All Samplers: If it is estimated that 100 million copies are sold each year that use digital samples, then the total gross income is calculated as follows:

(Total Songs Sold) × (Compulsory Licensing Tax) = Total Revenues to be Collected

(100 million) × ($0.085) = $8,500,000 Total Payment From All Samplers

PAYMENT "OUT" OF COPYRIGHT OFFICE:

A's Cut of the Total: If A's samples were used ten times out of 10,000 instances of sampling, then he is entitled to that portion of the total gross income according to the number of times his work was sampled:

(# Instances A used) ÷ (# of Total Instances Any Sample Used) = Portion of Total That Implicate A's Rights ("A's frequency %")

10 ÷ 10,000 = 0.001

Payment to A: This figure is determined by simply finding what percentage of the total belongs to A.

("A's Frequency %") × (Total Revenues) = Payment to A

0.001 × $8,500,000= $8,500 Payment to A

These guidelines compensate based on the usefulness of an original work by producers in the secondary market, as opposed to the popularity or impact of a new song using a particular sample.

4. Personhood Considerations

In addition to the conventional utilitarian arguments and recently popular democratic justifications for copyright law, the "personhood" philosophy should also be considered. Based on the works of Kant and Hegel, this theory maintains that intellectual property rights exist for the purpose of satisfying of fundamental human needs.[139] It contends that authors should be able to garner respect and admiration for their contributions to society without the mutilation or misattribution of their works.[140] Based on these philosophical justifications, scholars have reached divergent conclusions on the status of an author's work after he or she has revealed it to the world.[141]

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[139] *See* Fisher, *supra* note 91, at 11.

[140] *See id.*

[141] *See id.*

The compulsory licensing system brings many of these issues to the forefront, considering the fact that individuals are no longer able to refuse licensing privileges. Copyright owners such as Professor Newton sometimes become furious at their inability to keep other individuals from manipulating the meaning of their artistic expressions.[142] For the most part, however, licensing agreements simply have to do with money. Interestingly, it is rare for an artist to retain publishing rights in his or her particular sound recording. In most instances, it has already been contracted to a recording or publishing company, and the artist is unable to exert his or her influence. Further, while personhood considerations should be evaluated, the proposed compulsory licensing system attempts to mitigate potential problems by allowing for a ten-year lag on access and adequate compensation for the invasion into the author's personhood. As more invasions of this right occur in the secondary market, compensation increases accordingly.

CONCLUSION

As Justice Story once stated, "in truth, in literature, in science and in art, there are, and can be, few if any, things, which in abstract sense, are strictly new and original throughout. Every book in literature, science and art, borrows, and must necessarily borrow, and use much which was well known and used before."[143] Critics of this essay may proclaim that greater access to digital samples will lead to *less* creativity in the music industry.[144] Yet arguments such as these belie the fact that expanded access to samples will not diminish the amount of original music writing, but will instead provide lower production costs to *increase* the musical catalog available to society. From this standpoint, it is the responsibility of the public to select and prioritize innovative voices in the music industry.

It cannot be denied that the transformative use of samples in rap music has changed the face of America's cultural icons and has exposed a version of the urban condition to a generation of suburban Americans. Copyright law should seek to encourage the transformative use of digital samples as a way to encourage democratic ideals, while maintaining robust incentives that ensure the continuation of innovative creation. Legislating the existence of a compulsory license will shift power toward those seeking to use dormant works in a positive way, amplifying a unique voice which might otherwise be lost.

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142 *See* Teresa Wiltz, *The Flute That Fell Apart; Ruling on Sampling Has Composers Rattled*, WASH. POST, Aug. 22, 2002, at C1.

143 Emerson v. Davies, 8 F. Cas. 615, 619 (C.C.D. Mass. 1845) (No. 4,436).

144 *See, e.g.*, Jason S. Rooks, *Constitutionality of Judicially-Imposed Compulsory Licenses in Copyright Infringement Cases*, 3 J. INTELL. PROP. L. 255 (1995).

PART II

ARTICLES

THE COPYRIGHT STATUTE OF LIMITATIONS GETS A MAKE-OVER

by ERIC P. BERGNER *and* KATHERINE R. SCHAEFER*

Among the most important questions lawyers must be able to answer with certainty is how long their clients have to assert legal claims or, its counterpart, how long their clients may be subject to such claims. The fundamental importance of statutes of limitation — in this instance, the three-year statute of limitations governing claims brought under the Copyright Act — makes troubling the decision of the district court for the Southern District of New York in *Carell v. Shubert Organization*,[1] and the subsequent decisions relying on it. *Carell* threatens the certainty and repose provided by statutes of limitation, at least with regard to copyrights, a certainty essential to the smooth functioning of the legal system.

INTRODUCTION

In *Carell*, plaintiff, Candace Carell, claimed to be the creator of the make-up designs for the faces of the characters in the legendary musical *Cats*. Carell had been engaged to execute the application of the make-up for the faces of the catlike characters in the show. She claimed authorship in the designs — some as her sole works and others as works jointly created with the show's designer, John Napier. Although Carell claimed to have created the designs in 1982 when the show first opened in the United States, she did not commence a lawsuit to enforce her copyright claims in the designs for seventeen years, until 1999. When she did, her complaint sought a declaration that she was the sole owner of the copyright in the makeup designs, and damages for infringements occurring during the three years preceding the commencement of the lawsuit.

The district court dismissed Carell's claim for a declaration of sole ownership in the copyrights on statute of limitations grounds.[2] However, the court permitted Carell to assert her copyright infringement claims. This decision, if generally adopted, would enable a plaintiff whose copy-

*Mr. Bergner is a partner in the Entertainment and Intellectual Property practice group at Moses & Singer LLP. Ms. Schaefer is an associate in the group. In the interest of full disclosure, our firm, Moses & Singer, represented the defendants in *Carell*. The court's decision was issued on defendants' motion to dismiss the complaint pursuant to Rule 12(b). Defendants sought an interlocutory appeal to the Second Circuit, which was denied. The case was subsequently settled out of court.

[1] 104 F. Supp. 2d 236 (S.D.N.Y. 2000).

[2] The district court dismissed Carell's claim for joint ownership on limitations grounds, as well.

right ownership has been in dispute for more than three years to avoid the bar of the Copyright Act's statute of limitations by recasting his or her claim as one for infringement of copyright, so long as an "infringement" has occurred within three years of the date of commencement of the litigation.

I. APPLICATION OF SECTION 507(b) TO DISPUTES OF COPYRIGHT OWNERSHIP

A. The Second Circuit's Decision in Stone

Section 507(b) of the Copyright Act establishes a three-year statute of limitations for civil actions brought under the Act.[3] Actions for copyright infringement, therefore, must be brought within three years of the infringement. In actions involving a continuing course of infringing conduct beginning more than three years before the commencement of the action, a plaintiff will be precluded from recovering monetary damages relating to acts of infringement occurring prior to such three-year period.[4]

How the Act's statute of limitations is to be applied to non-infringement claims — the declaration of ownership or co-ownership of a copyright, for example — has been far less certain. The Second Circuit first addressed the issue in *Stone v. Williams*.[5] There, the illegitimate daughter of the late musician Hank Williams sought a declaration that, by virtue of her status as the child of the famed singer/songwriter, she was a co-owner of the renewal term of the copyrights in her father's songs. Plaintiff also sought an accounting, damages and imposition of a constructive trust. The district court held that her claims were barred by the three-year statute of limitations because they had accrued in 1979, on the date she had been told by her adoptive mother of her possible identity — thirteen years before the date on which she commenced her action.

The Second Circuit reversed, stating that the district court had applied the statute of limitations improperly to separate and distinct claims — one for a declaration of status as child of the author, and the other for relief as a result of that status. The court concluded that a declaratory judgment action would only be time-barred if plaintiff's right to assert the underlying substantive right at issue would also be barred. The Second Circuit agreed with the lower court that plaintiff's cause of action regarding copyright ownership accrued in 1979 when she learned of her possible status as Williams' child, but determined that her legal status as child of

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[3] 17 U.S.C. § 507(b) (2000).

[4] *See* Makedwe Publ'g Co. v. Johnson, 37 F.3d 180 (5th Cir. 1994); Robey v. New World Pictures, Ltd., 19 F.3d 479 (9th Cir. 1994); Rosette v. Rainbo Mfg. Corp., 354 F. Supp. 1183 (S.D.N.Y. 1973), *aff'd*, 546 F.2d 461 (2d Cir. 1976).

[5] 970 F.2d 1043, 1048 (2d Cir. 1992), *cert. denied*, 508 U.S. 906 (1993).

the author (the underlying substantive right) was not lost as a result of her delay in seeking relief as a result of that status. Rather, the court determined that copyright renewals, like claims of infringement, create a property interest for the benefit of the copyright holder, and that a separate cause of action arises each time the holder of an interest in a copyright renewal is deprived of that right. Because plaintiff had been denied her share of her father's copyright renewals within three years of the date on which she commenced her action, her action for an accounting was timely under section 507.

In addition to not barring the declaratory judgment claim, the *Stone* court also found that plaintiff's claim for other equitable relief — the imposition of a constructive trust on income derived from the renewals — was also timely.[6] The court stated that a beneficiary is barred from enforcing a constructive trust only if the limitations period for analogous actions at law has run. In *Stone*, plaintiff's remedy at law was for an accounting based upon plaintiff's claimed entitlement to a share of copyright renewals. Because her action for an accounting was not barred, the court concluded that Stone was not barred from seeking imposition of a constructive trust upon income derived from such renewals within three years of the action.

B. The Ninth Circuit Weighs In

The Second Circuit appeared to have established a rule in *Stone* that a copyright co-owner's failure to seek a declaration of rights within three years of accrual would not be a bar to his or her right to sue for an accounting but would merely limit such accounting to the three years preceding the commencement of the action. The Ninth Circuit reached a different conclusion fours years later in *Zuill v. Shanahan*.[7] *Zuill* involved the ownership of the copyright to "Hooked on Phonics," the popular educational program designed to teach children to read. Defendant developed the program and plaintiffs created the music. In 1987, defendant offered plaintiffs a written agreement promising each of them a percentage of profits from "Hooked on Phonics," but stating that defendant's publishing company was the "sole owner and copyright holder" of the program. Dissatisfied with the compensation offered, plaintiffs refused to sign the agreement.

In 1991, after "Hooked on Phonics" began to generate substantial revenues, plaintiffs sued defendant for a declaration that they were each

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[6] A constructive trust is a remedial device imposed in favor of one entitled to property when it is wrongfully withheld or when the retention of the property by the current holder would result in unjust enrichment.

[7] 80 F.3d 1366 (9th Cir.), *cert. denied*, 519 U.S. 1090 (1996).

one-third owners of the copyright in the program and for an accounting. The district court granted defendant's motion for summary judgment, dismissing the action as time-barred under the Act's three-year statute of limitations. On appeal, plaintiffs argued that even if the three-year limitation applied to their claims, a new claim arose every time the product was sold. Therefore, they claimed they were still entitled to a declaration of co-ownership and an accounting relating to sales made during the three-year period prior to the commencement of the action. The Ninth Circuit rejected this argument and affirmed the district court's dismissal, concluding that:

> [C]laims of co-ownership, as distinct from claims of infringement, accrue when plain and express repudiation of co-ownership is communicated to the claimant, and are barred three years from the time of repudiation.[8]

The Ninth Circuit found that defendant had repudiated plaintiffs' co-ownership claim by expressly and repeatedly claiming sole ownership of the copyright in "Hooked on Phonics," first, when he marketed the product in 1986 and, again, in 1987, when he offered plaintiffs the royalty agreement claiming sole ownership in the copyright. These repudiations meant plaintiffs' claims accrued no later than 1987, thereby barring their 1991 lawsuit.

Not surprisingly, the plaintiffs in *Zuill* relied on *Stone* in an attempt to preserve their claims of co-ownership. However, the *Zuill* court found that because *Stone* was not controlling in the Ninth Circuit, it did not need to decide whether *Stone* was "properly distinguishable."[9]

C. Merchant *and Its Progeny*

The question of how the Second Circuit would apply the rule in *Stone* in the wake of the Ninth's Circuit's decision in *Zuill* was answered soon thereafter in *Merchant v. Levy*.[10] In *Merchant*, plaintiffs, members of the 1950s musical group "The Teenagers," claimed to have co-authored the musical composition *Why Do Fools Fall In Love?*. Defendants registered the song for copyright, but accorded no authorship credit to plaintiffs. More important, plaintiffs never received any royalties from the song. In 1987, they commenced an action for a declaration that they were co-owners of the copyright in the song and for an accounting of royalties. Although the song was written in 1955, plaintiffs asserted that their delay in commencing the action was justified because defendant Morris Levy had threatened to kill them if they pursued an action for royalties. A jury found that plaintiffs' fears were justified and that they had reasonably refrained from commencing the lawsuit. Based upon the jury's findings, the

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[8] *Id.* at 1369.

[9] *Id.* at 1370.

[10] 92 F.3d 51 (2d Cir. 1996), *cert. denied*, 519 U.S. 108 (1997).

district court granted plaintiffs' request for a declaration of copyright co-ownership, holding that the three-year statute of limitations did not bar plaintiffs' claim but rather only limited plaintiffs' damages to those that had accrued within three years of the commencement of the lawsuit. The district court also held that the action was not barred by the doctrine of laches, refusing to allow defendants to profit from their "untoward actions."[11]

The Second Circuit reversed, dismissing the action as time-barred. According to the Second Circuit, plaintiffs' action accrued in 1961, the year they attained the age of majority. "A cause of action accrues when a plaintiff knows or has reason to know of the injury upon which the claim is premised."[12] Plaintiffs did not, however, commence their action until twenty-six years later. Plaintiffs' argument that the statute was tolled due to duress was rejected on appeal. The Second Circuit stated:

> Though Plaintiffs contend on appeal that the statute was tolled, the basis for such tolling, duress, did not arise until 1969, ending in 1984. By 1969, however, the three-year statute of limitations had long since expired.[13]

Notably, in *Merchant*, the Second Circuit limited its holding in *Stone* almost exclusively to its facts, stating:

> [*Stone*] stands for the narrow proposition that, in certain situations, the statute of limitations will not be applied to defeat the copyright co-ownership claim of an author's relative accruing more than three years before the lawsuit where uncertainty surrounded the relative's status as a member of the author's family.[14]

Following *Merchant*, the district court for the Southern District of New York decided several cases that seemed to confirm that *Stone* would be limited to its facts and that, as a general rule, any claim based on sole or co-ownership of a copyright would be governed by the three-year statute of limitations.

Netzer v. Continuity Graphics Associates, Inc.[15] was the first case in which the district court applied the rule in *Merchant*. There, plaintiff was a comic book artist who claimed to have created drawings and a story outline for a comic book to be based on a female super hero named Ms. Mystic. The character had been created by defendant Neal Adams, an artist

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11 Merchant v. Lymon, 828 F. Supp. 1048, 1064 (S.D.N.Y. 1993).

12 *Merchant*, 92 F.3d at 56.

13 *Id.*

14 *Id.*

15 963 F. Supp. 1308 (S.D.N.Y. 1997).

who worked with plaintiff at DC Comics. According to Netzer, he and Adams had orally agreed to be "Partners, 50/50 in Ms. Mystic." When Adams left DC, he began publishing a series of comic books based on Ms. Mystic, first through Pacific Comics, and when that company ceased publishing, through defendant Continuity Graphics. All but the first of these comic books contained the following copyright notice: "MS. MYSTIC (including all prominent characters featured in this magazine and the distinctive likenesses thereof) is copyrighted 1982 by Neal Adams."[16] Plaintiff was unaware of these publications until 1984, when he obtained a copy of a Ms. Mystic comic book identifying Adams as the sole author of the work. Plaintiff claimed to have then contacted Adams who assured him that the ownership attributed in the notice was a mistake and that no money had been made from the comic books. In 1990, plaintiff discovered that other issues in the Ms. Mystic comic book series had been published, and that the copyright notices on all issues identified Adams as the sole author. Three years later, in 1993, plaintiff commenced an action in the Southern District claiming, among other things, co-authorship of the copyright in Ms. Mystic.

On defendants' motion for summary judgment, the district court found plaintiff's co-authorship claims to be time-barred, reiterating the rule in *Merchant* that "plaintiffs claiming to be co-authors are time-barred three years after accrual of their claim from seeking a declaration of copyright co-ownership rights."[17] In cases involving claims based on co-ownership of copyright, the cause of action will accrue when an "express assertion of sole authorship or ownership" is made by the defendant.[18] In *Netzer*, the court found that plaintiff's cause of action accrued no later than 1984 when he purchased the Ms. Mystic comic book and saw the copyright notice identifying Adams as the sole author. The court therefore held that the statute of limitations for plaintiff's claim ran in 1987.[19]

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[16] *Id.* at 1315-16.

[17] *Merchant*, 92 F.3d at 56.

[18] *Netzer*, 963 F. Supp. at 1315

[19] The cases decided since *Netzer* have adopted the same approach. *See, e.g.*, Margo v. Weiss, 213 F.3d 55 (2d Cir. 2000) (plaintiffs' claim for a declaration of co-authorship of the song *The Lion Sleeps Tonight* was barred because they should have known of the claim more than three years before they commenced the action); Duane v. Blue Man Group Ltd. P'ship, 73 F. Supp. 2d 382 (S.D.N.Y. 1999) (plaintiff was barred from asserting a co-authorship claim regarding compositions for the performance piece *Blue Man Group: Tubes* because he delayed more than three years in asserting it); Weber v. Geffen Records, Inc., 63 F. Supp. 2d 458 (S.D.N.Y. 1999) (plaintiff could not assert a co-ownership claim in the copyright to two Guns N' Roses songs because he waited more than three years to assert it); *cf.* Aday v. Sony Music Entm't, Inc., 44 U.S.P.Q.2d (BNA) 1688 (S.D.N.Y. 1997) (three-year statute of limitations barred performer "Meatloaf" from seek-

In 1999, the Southern District decided a case that appeared to address a crucial issue not raised in *Merchant*; that is, whether the three-year limitation period applies to a claim of *sole* authorship as well as joint ownership and/or authorship. In *Fort Knox Music, Inc. v. Baptiste*,[20] the plaintiff music publishing companies brought a declaratory judgment action against defendant Philippe Baptiste seeking a declaration that he was time-barred from commencing an action against plaintiffs to challenge plaintiffs' rights and copyright in the popular song, *Sea of Love*. In 1959, Baptiste and George Khoury transferred rights in the song to Kamar Publishing Company, predecessor-in-interest to plaintiff publisher Fort Knox, and represented that they were co-authors of the song. However, in that same year, Baptiste protested to the music publisher that Khoury had been improperly identified as a co-author and claimed that he alone was the author of the song. Baptiste continued to assert his sole authorship of the song over the next four decades and when, in 1997, he threatened to sue plaintiff for copyright infringement, the music publisher commenced the declaratory judgment action. Relying on *Merchant*, the court held that Baptiste was barred from asserting "any right arising from his claim of sole authorship" of the song *Sea of Love* because he had failed to assert any such claim within three years of the time when he knew or had reason to know that plaintiff was crediting Khoury as a co-author of the composition.[21]

Merchant, *Netzer* and *Fort Knox* dealt with claims of copyright ownership, and not infringement. But it seemed to follow logically from those decisions that a putative copyright owner, whose claims of ownership had been in dispute for more than three years and who would be time-barred from obtaining a declaration that he or she was the copyright owner, would similarly be time-barred from asserting infringement claims based upon that ownership. This logic was applied by the Southern District in *Minder Music, Ltd. v. Mellow Smoke Music Co.*[22]

In *Minder*, the plaintiff music publisher claimed both sole ownership of the copyrights in certain musical compositions in which defendants claimed a 50% interest *and* infringement based on its exclusive ownership. Relying on *Merchant*, the court held that a plaintiff asserting ownership claims must commence an action within three years after accrual of the claims. Significantly, the court repudiated plaintiff's attempt to portray its claim as one of ongoing copyright infringement (and therefore not barred by the three-year statute of limitation), stating that "the statute of limita-

ing a declaration that he was not defendants' employee for hire under agreements pursuant to which he recorded three albums and that he was therefore the sole owner of the copyright to the master recordings).

20 47 F. Supp. 2d 481 (S.D.N.Y. 1999).

21 *Id.* at 485.

22 52 U.S.P.Q.2d 1700 (S.D.N.Y. 1999).

tions cannot be defeated by portraying an action as one for infringement when copyright ownership rights are the true matter at issue."[23] The *Minder Music* court held that, in essence, plaintiff was asserting a claim not for infringement, but for sole copyright ownership. Therefore, the action was barred because it had not been brought within three years of when the ownership claim had accrued.

II. THE ANOMALOUS DECISION IN CARELL

In light of *Merchant* and its progeny, it should have been a forgone conclusion that Carell's claims for a declaration of copyright ownership and for infringement based on that ownership would be found to be time-barred. There was no dispute as to when Carell's ownership claim arose. The New York production of *Cats* opened in 1982. Thus, there was no possible way for Carell to argue that her ownership interest was repudiated by The Cats Company, the producer of the musical, less than three years prior to the commencement of her suit. In fact, in 1990, nine years before Carell commenced her suit, she filed an application to register the copyright in the make-up designs. When this was brought to the attention of The Cats Company, it challenged the registration. Carell subsequently demanded that The Cats Company pay for past use of the designs and take a license to continue using them, but the demand was refused. Another seven years passed before Carell finally commenced an action against The Cats Company (and many others involved in the production of the musical) in the Southern District of New York for a declaration of her ownership rights — sole ownership in certain of the designs and joint ownership with John Napier in others. As to the designs in which she asserted sole ownership, she sued for infringement. As to the designs in which she asserted joint ownership, she sought an accounting.

The Cats Company and the other defendants moved to dismiss the complaint on the grounds that all of Carell's copyright claims were barred by the three-year statute of limitations governing claims arising under section 507 of the Copyright Act. Adopting the reasoning in *Merchant* and the cases that followed, the court did hold that plaintiff's claims involving declarations of ownership in the copyrights — her sole and joint ownership claims and her related accounting claim — were barred by the three-year statute of limitations because Carell had known since at least 1992 that The Cats Company repudiated her claims of ownership.

But, the court reversed course as to Carell's claims for copyright infringement, which it held were *not* time-barred. The court determined that plaintiff's infringement claim was "separate and distinct from the adjudication of her ownership claims" and that her infringement claim was

[23] *Id.* at 1701.

"not dependent" upon her claim of either sole ownership or an accounting. The court held that the "gravamen" of plaintiff's claim was infringement and not ownership.[24]

This effective separation of Carell's ownership claim from her infringement claim creates an inconsistency which cannot be reconciled. This is because the two concepts are necessarily intertwined. One of the basic elements of a cause of action for copyright infringement is ownership of a valid copyright.[25] Without ownership, a plaintiff will have no standing to sue for infringement of that copyright.[26] It is therefore self-contradictory to forbid plaintiff from proving ownership, while at the same time permitting an infringement claim to proceed.[27] Indeed, it is not clear how Carell would have overcome this hurdle if the case had proceeded to trial, as we do not see how she could have proven the ownership element required to make out an infringement case having been barred from proving ownership of her copyright claims.[28]

The ramifications of this anomalous decision for copyright owners, at least in New York, are readily apparent. *Carell* creates a situation where a party with a barred ownership claim may be able to evade the bar simply by seeking infringement remedies in addition to or instead of a declaratory judgment. This would largely nullify the *Merchant* statute of limitations rule. Although the *Carell* court acknowledged that "*Merchant* should not be construed as allowing plaintiffs to make an 'end-run'" around the statute [of limitations],"[29] the decision does precisely that.

The same policies that support the time bar of the ownership declaratory judgment claim support a time bar of the ownership claim as part of

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[24] Carell v. Schubert Org., 104 F. Supp. 2d 236, 254 (S.D.N.Y. 2000).

[25] To make out a prima facie case of copyright infringement, a plaintiff must prove two elements: (1) ownership of a valid copyright or an exclusive right under copyright, and (2) copying of constituent elements of the work that are original. Feist Pub'ns, Inc. v. Rural Tel. Serv. Co., 499 U.S. 340, 361 (1991).

[26] *See, e.g.*, Itar-Tass Russian News Agency v. Russian Kurier, Inc., 153 F.3d 82, 90-91 (2d Cir. 1998); *see also* 3 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 12.05[C] (2002) (noting that *Carell* "does not hold" that a plaintiff can potentially assert a copyright infringement claim without ever establishing one of the prima facie elements of a copyright infringement claim, namely, ownership of the copyright in the first instance).

[27] The judge who presided over the *Carell* case, Judge Schwartz (now deceased), recognized the anomaly and certified the question to the Second Circuit so that The Cats Company could take an intermediate appeal, but the Second Circuit refused. Oddly enough, Judge Schwartz had also decided *Minder Music*, which had appeared to resolve the issue.

[28] See *Feist*, 499 U.S. at 361.

[29] *Carell*, 104 F. Supp. 2d at 255.

an infringement claim. *Merchant* adopted the time bar against late assertions of ownership because "[a] co-author knows that he or she jointly created a work from the moment of its creation."[30] This is no less the case when a claim of sole creation serves as a springboard for an infringement claim.[31] In *Carell*, whatever legal claims related to Carell's claim of creation — that claim, the repudiation of it, and the open and notorious unauthorized use of her copyrighted work — were all known to her many more than three years before this action was filed.

If a claimant is not to be allowed to "lie in the weeds for years and years after his claim has been repudiated while large amounts of money are spent to develop a market for the copyrighted material,"[32] for purposes of a declaratory judgment action for copyright ownership, there is even less rationale for permitting a claimant to maintain an infringement action, where the consequences to the defendants are potentially more severe. Nor is there any statute of limitations policy distinction between a declaratory judgment action seeking to upset a long-standing assertion of ownership by one party under claim of right, and an infringement action with exactly the same effect or purpose; both contravene "the principles of repose integral to a properly functioning copyright market."[33]

III. RAMIFICATIONS

With the reasoning of *Carell* so flawed, it remains to be seen whether its holding will withstand the test of time. So far, only one other court has actually followed *Carell*. In *Maurizio v. Goldsmith*,[34] the parties were in dispute over the copyright ownership in the novel *The First Wives Club*. The court barred plaintiff from asserting claims of joint and sole authorship because she did not commence her action until five years after she became aware that defendant had sold the movie rights to Paramount Pictures, an act that the court held put her on notice of her ownership claims. But, following *Carell*, the court nevertheless held that plaintiff could sue for infringement occurring within three years prior to her commencement of the action.[35]

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30 92 F.3d at 56.

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

32 Zuill v. Shanahan, 80 F.3d 1366, 1370-71 (9th Cir.), *cert. denied*, 519 U.S. 1090 (1996).

33 *Merchant*, 92 F.3d at 57; *see also Zuill*, 80 F.3d at 1370 (claimant's failure timely to take action had an effect on the copyright analogous to "adverse possession.").

34 84 F. Supp. 2d 455 (S.D.N.Y. 2000).

35 On a subsequent interlocutory appeal from the district court's decision, the Second Circuit agreed that plaintiff's claim of joint ownership was barred by the statute of limitations. However, the Second Circuit did not address the

Most recently, however, the court in *Barksdale v. Robinson*,[36] reached a different result from the court in *Carell*. In *Barksdale*, plaintiff was a member of the rap band "The Fearless Four," which recorded a number of popular hip hop songs in the early 1980s. Barksdale sued the record producer and music publishers, claiming that he was the sole author and sole owner of the copyrights in two of the group's songs, *Rockin It* and *It's Magic*. Defendant Robinson asserted that he had written, arranged, and edited the music to the song and was therefore a co-author and co-owner of the copyright. In the suit, plaintiff sought a declaration of sole ownership in the copyrights and asserted claims of copyright infringement.

In response to defendants' motion to dismiss the complaint based on the three-year statute of limitations, plaintiff "relie[d] heavily" on the *Carell* decision, contending that his claim for copyright infringement was timely even if his declaration of ownership was time-barred. Adopting the reasoning in *Minder*, however, the court held that because "the gravamen" of plaintiff's claim was ownership and not infringement, the entire action would be barred. Echoing language in the *Carell* decision itself, the court in *Barksdale* stated that the statute of limitations "should not be construed as allowing [a plaintiff] to make an 'end run' around the statutory mandate of the Copyright Act."[37]

Similarly, in another recent decision on this issue, *Vapac Music Publishing, Inc. v. Tuff N' Rumble Management, Inc.*,[38] the court followed the same approach as *Barksdale*, without squarely addressing the *Carell* decision. *Vapac* involved the copyright ownership of the classic R & B song *Shake a Tail Feather*. The plaintiff, Vapac, sought an injunction and damages against songwriter Andre Williams on a claim of copyright infringement. Williams asserted three counterclaims, including one for a declaration that he was the sole owner of the copyright in the song and a claim for copyright infringement based on such ownership. The court held that Williams' infringement claim "turn[ed on] . . . who owns the copyright." Citing *Merchant*, the court concluded that Williams' claim seeking a declaration of sole ownership was time-barred because he brought the lawsuit in 2000, but had acknowledged that he was an owner of only a one-

district court's ruling regarding the application of the three-year statute of limitations to plaintiff's infringement claim because plaintiff had not certified that issue for appeal and the court therefore determined that it had no jurisdiction to rule on it. *See* Maurizio v. Goldsmith, 230 F.3d 518, 521 (2d Cir. 2000). Thus, the Second Circuit has yet to rule on the issue presented in *Carell*, that is, whether a claim for infringement can proceed when the claimant's time to seek a declaration of sole ownership has expired.

[36] 211 F.R.D. 240 (S.D.N.Y. 2002).

[37] *Id.* at 246 (quoting Carell v. Schubert Org, 104 F. Supp. 2d 236, 255 (S.D.N.Y. 2000)).

[38] N.Y. L.J., Nov. 19, 2002, at 24, col. 6 (S.D.N.Y. 2002).

sixth interest in the royalties in 1981 when he signed a settlement agreement in a an infringement lawsuit he and Vapac had brought against the producers of the film *The Blues Brothers* for unauthorized use of the song. Thus, if Williams had a claim to sole ownership, he knew as early as 1981 that such claim was being challenged. Contrary to *Carell* and *Maurizio*, the court in *Vapac* held that because Williams was time-barred from seeking a declaration of his sole ownership rights, he was therefore time-barred from asserting a claim for infringement of those putative rights.

In the wake of *Barksdale* and *Vapac*, it is unclear how the courts will apply the statute of limitations when a claimant brings an action for both a declaration of sole ownership that is potentially time barred and copyright infringement. While in *Carell* the court held that even if the ownership claim was time barred the plaintiff could still recover damages for infringement, at least for the three years prior to the commencement of the suit, in *Barksdale* and *Vapac*, the courts adopted a far more amorphous standard. In *Barksdale*, the court harkened back to the approach first elucidated in *Minder Music*, in which the court determined that plaintiff's declaratory judgement and infringement claims would both be time barred because "ownership rights [were] the true matter at issue" rather than infringement.[39] Similarly, in *Barksdale*, the court held that the copyright infringement action would be barred based upon its determination that the "gravamen" of the complaint was for ownership, rather than infringement. Likewise, in *Vapac*, the court held that the infringement claim was barred by the statute of limitations because the claim "turn[ed] on" the ownership issue, rather than the infringement issue. Thus, it may be that in future cases, the courts will apply the statute of limitations based on a determination of whether the essence or "gravamen" of the complaint is ownership or infringement.[40]

This type of "gravamen" or "essence of the claim" test is similar to the test the Second Circuit briefly adopted for determining whether a district court has jurisdiction to hear a claim involving both federal Copyright Act and state law claims, which it then rejected several years later as "unworkable."[41] To determine whether the court had jurisdiction, the Second Circuit had long applied the test first established in *T.B. Harms Co. v. Eliscu*,[42] in which Judge Friendly ruled that a federal court would be deemed to have jurisdiction to hear a case "if the complaint is for a rem-

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[39] Minder Music, Ltd. v. Mellow Smoke Music Co., 52 U.S.P.Q.2d 1700, 1701 (S.D.N.Y. 1999).

[40] As a legal term, "gravamen" is defined as, "[t]he substantial point or essence of a claim, grievance, or complaint." BLACK'S LAW DICTIONARY 708 (7th ed. 1999).

[41] Bassett v. Mashantucket Pequot Tribe, 204 F.3d 343, 352 (2d Cir. 2000).

[42] 339 F.2d 823 (2d Cir. 1964).

edy expressly granted by the [Copyright] Act."[43] The Second Circuit briefly departed from this well-regarded test in *Schoenberg v. Shapolsky Publishers, Inc.*,[44] in which it ruled that, in considering whether federal jurisdiction exists, the court should determine, among other things, "whether the plaintiff's infringement claim is only 'incidental' to the plaintiff's claim seeking a determination of ownership or contractual rights under the copyright."[45] If the infringement claim was deemed to be "incidental" to the state law claims, the court in *Schoenberg* held that the district court would not have jurisdiction to hear the case. Eight years later, however, in *Bassett*,[46] the Second Circuit rejected the *Schoenberg* approach, in large measure because it was deemed to be unduly "vague" and difficult to apply. The Second Circuit returned to the *T.B. Harms* standard, once again basing the jurisdiction analysis on the allegations of the complaint.[47]

The "gravamen" test that the district courts adopted in *Minder*, *Barksdale* and *Vapac*, to determine whether the case involved a claim of ownership or infringement for purposes of applying the three-year statute of limitations, is equally vague and difficult to apply and should be abandoned for the same reasons as the court proffered in *Bassett* in the context of the jurisdiction analysis. The entire question of whether a case "turns on" ownership or infringement is a false distinction to begin with because, of course, all claims of infringement "turn on" ownership of the copyright — there can be no claim of infringement without ownership. Thus, whether a court will determine that a case "turns on" ownership or infringement is virtually impossible to predict because all such cases will involve issues of both ownership and infringement, and a claimant is left to guess which issue the court will deem to be the more significant. Furthermore, as the court noted in *Bassett*, the test often depends on what defenses the defendant asserts, which the plaintiff will not know until the complaint has been filed. This precludes the potential plaintiff from determining in advance whether or not he or she has a valid claim worth pursuing in court or whether the claim is time-barred and should be abandoned. This uncertainty certainly does not serve the interests of justice or judicial economy.

As a practical matter, until the Second Circuit rules on this issue, a potential plaintiff seeking to assert a claim of sole ownership in a copyright that might potentially be time-barred would be well-advised to frame his or her claim as one for infringement of that copyright if there is factual

[43] *Id.* at 828.
[44] 971 F.2d 926 (2d Cir. 1992).
[45] *Id.* at 932-33.
[46] 204 F.3d at 343.
[47] *Id.* at 352-53.

support for such a claim, and avoid seeking the remedy of a declaration of ownership. Faced with only a copyright infringement claim, arguably, the plaintiff is more likely to persuade the court that the "gravamen" of the complaint is one for infringement rather than ownership, and it is possible that a court would permit the suit to proceed, even though it might have been deemed time-barred if it had also included a claim for ownership. Although this obviously elevates form over substance, this may be the only viable solution to the inconsistency created by the *Carell* ownership/infringement distinction.

By the same token, the sole owner of a copyright faced with a party who begins to make out-of-court assertions of a competing claim of ownership to the copyright should carefully weigh its response. In the past, a lawyer advising the copyright owner in such a situation would have proposed as one option that the owner bring a declaratory judgment action establishing that the competing claim of ownership was time-barred (as the plaintiff successfully did in *Fort Knox*, for example). In the wake of *Carell*, however, it is not clear how much weight, if any, a court would apply to such a claim. Indeed, a court following *Carell* could find that a declaration that the competing ownership claim is time-barred would not preclude an infringement claim based upon that copyright from proceeding. Clearly, this would be a bad result as it is inherently inconsistent, but it flows naturally from *Carell*, a decision rooted in an inconsistency, and one we hope will have a much shorter run than the musical from which it was born.

AWAKENING OF A SLEEPING DRAGON: THE EVOLUTION OF COPYRIGHT CONCEPTION IN CHINA

by XIAOQING FENG,* LIHUA YANG,**
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Every society has its unique conception of rights based on its economic production mode and social-political system. In a world where resources are scarce, the allocation of resources can never satisfy the needs of all. To minimize conflicts in the rush to resources, the concept of property and the related concept of property rights evolved to achieve stability in a society. For an extended period of time in human history, the subject matters of property rights were limited to tangible "things" such as lands. Along with the progress of science and culture, protection of intangible intellectual works gradually emerged and flourished. Due to varied economic, cultural, social and political foundations, the development of intellectual property rights, particularly copyright, took distinctive paths in different societies. However, the idiosyncrasy of each society does not rule out the existence of some commonalities. To a certain extent, the natural birth of intellectual property is driven by similar economic and technical forces. Additionally, intensified interaction among various societies in the past few centuries served to harmonize the conception of intellectual property rights. This article attempts to track the trajectory of the evolution of copyright conception in Chinese societies and reveal its underlying dynamics.

From a historical perspective, the creation of copyright can be attributed to two equally important conditions: the existence of a commodity economy and the invention of printing technology. A perennial puzzle in the study of copyright in Chinese societies, the birthplace of the culture of "dragon," is the lapse between the early invention of printing technology and the late maturity of the conception of copyright. While it is common

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knowledge that printing technology was first invented in China, the conception of copyright in Chinese societies was historically rudimentary. The central theme of this study is to solve this puzzle by exploring the evolution of copyright conception in China.

This article consists of six parts. Part I discusses the emergence of authorship consciousness before the invention of printing technology in ancient Chinese societies. We will demonstrate by an excavation of some rarely tapped historical records that authorship consciousness, the prelude of authors' moral rights, did exist early in ancient China. Part II explores the rising of property consciousness on literary works and the development of indigenous copyright protection after the invention of printing technology in imperial China. We will show that since the Song Dynasty (960 A.D.–1279 A.D.), piracy had been frequently outlawed by state edicts. Even if the purpose of such edicts was to control the dissemination of information or to protect the economic interests of printers, authors were indirectly benefited. Part III analyzes why such an early mechanism of copyright protection failed to evolve into a modern copyright regime in China. We find three major causes: first of all, the paternal feudal control of information dissemination significantly limited the space for the progress of the copyright discourse; secondly, the underdevelopment of commodity exchanges in imperial China denied the copyright course its necessary economic foundation; and thirdly, some aspects of traditional Chinese culture suppressed any further development of copyright. Part IV examines the initial importation of modern copyright concept from the West after the Opium War (1840), specifically during the late Qing Dynasty and the Republican era (1912–49). While largely considered unsuccessful, this early transplantation introduced China to modern copyright discourse. Part V reviews the developmental path of copyright since the founding of the People's Republic of China in 1949, particularly the reconstruction of a modern copyright regime in the past two decades. We will identify conspicuous characteristics of contemporary Chinese copyright discourse. Part VI sets out our conclusions.

I. THE EMERGENCE OF AUTHORSHIP CONSCIOUSNESS IN ANCIENT CHINA

There is a general consensus among Chinese and Western scholars that the origin of copyright is closely related to the invention and dissemination of printing technology.[1] In Europe, copyright is often traced back

[1] *See* CHENGSI ZHENG, COPYRIGHT LAW 2 (2d ed. 1997). *See also* William P. Alford, *Don't Stop Thinking about . . . Yesterday: Why There was No Indigenous Counterpart to Intellectual Property in Imperial China*, 3 J. CHINESE L. 3 (1993).

to Gutenberg's invention of the printing press.[2] According to the *Encyclopedia Americana*, the modern concept of copyright emerged in the late fifteenth century after William Caxton established a press in England.[3] In China, the printing press was invented centuries earlier. According to a 1981 UNESCO publication, in contrast to the common belief, by the time the printing press was invented in Europe, similar technology had been in existence in China and Korea for hundreds of years. Only the Europeans had no knowledge of it at the time.[4]

Although existing historical evidence suggests that printing technology was first invented in China, it is debatable whether copyright initially emerged in ancient Chinese societies. Some scholars believe that the concept of copyright also originated in China along with the invention of printing technology.[5] They argue that copyright-related concepts such as "reproduction," "copyright reservation notice" and "*paiji*"[6] came into being in China centuries before their Western counterparts.[7] While such arguments are not without merit, they fail to appreciate the difference between early copyright consciousness and modern copyright discourse. The aim of this section and the two sections that follow is to prove the existence of copyright consciousness in ancient China and extrapolate why it did not evolve into modern copyright discourse.

The appearance of copyright consciousness occurs much earlier than the creation of modern copyright discourse. Based on the research of some ethnologists, property consciousness on intellectual works existed long before the invention of printing technology.[8] This is particularly the case in ancient China.

During the Spring-Autumn and Warring States periods (771 B.C.–221 B.C.), hundreds of years before the invention of printing technology, Chinese culture flourished. Over a span of 550 years, China experienced an explosion of literary works. Almost all important works that define the fundamentals of traditional Chinese culture were created in this period.[9] Some historians suggest that the surge in the production of thoughts and literature was the result of the liberalization of private authoring. Before the Warring States period, academic endeavors were the monopoly of va-

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2 *See* ZHENG, *supra* note 1.

3 7 ENCYCLOPEDIA AMERICANA 775 (1995).

4 UNESCO, COPYRIGHT ABC 9 (1984).

5 *See* ZHENG, *supra* note 1.

6 "Paiji" is a special mark attached in ancient Chinese books containing warning words such as "no reproduction." The purpose of *paiji* was to prevent related works from being exploited without the consent of the owner.

7 *See* C. Paul Spurgeon, *Copyright Law in China*, 3 CAN. B. REV. 387 (1995) (book review).

8 COPYRIGHT ABC, *supra* note 4, at 9.

9 *E.g.*, the Confucian Analects, the Taoist Dao De Jing, and legalist Han Fei Zi.

rious states. Private authoring was tabooed. Since the beginning of Warring States period, academia was separated from state function and private authoring prospered. *Wen Shi Tong Yi* (*General Literary History*), an authoritative Chinese history book, offered the following explanation: "Why writing a book was such a fanfare in the Warring States period? Because there was no (private) authoring in ancient times (prior to Warring States). The written codes were maintained by *Guanshi* (officials) and events were entered into historical records by *Shili* (officials). Writing was the exclusive tool used by officials to govern the people. Ordinary people simply followed what had been written down. The purpose of writing was thus fulfilled."[10]

Even though a large amount of intellectual works were generated by private scholars during the Warring States period, the concept of authorship was far from established at this stage. Chinese literary classics created in this period such as *The Analects*, *Dao De Jing* and *Han Fei Zi* were all attributed to the respective founders of related schools of thought. Contributions by disciples were by and large obscured. Nonetheless, the attempts to associate particular works with their primary authors can be discerned. To a certain extent, this is the earliest form of "right of attribution" in Chinese history.

Some two hundred years later in the Han Dynasty (206 B.C.–222 A.D.), affixing the author's name in a conspicuous part of a work became popular.[11] According to *Gu Shu Tong Li* (*General Discussion of Ancient Books*), "there were four pieces of works studying the ancient book *Shi* (*The Poetry*), and five pieces of works studying the ancient book *Chun Qiu* (*The Spring and Autumn*). To differentiate different pieces on the same subject, people added the author's name to each piece. These works were subsequently commented on by more scholars, and each commentator's name was added to identify its source. Initially, the author's name was inserted by later scholars. As time goes by, authors began to input their own names themselves. Originally, only an author's surname was noted. Later on, the full name of the author was listed."[12] While it is difficult to ascertain when such an attribution practice started, it had become the norm in the Jin Dynasty (265 A.D.–420 A.D.).[13]

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[10] *See* XUECHENG ZHANG, WEN SHI TONG YI • SHI JIAO SHANG 16-17 [GENERAL LITERARY HISTORY•EDUCATION BY POETRY] (China Ancient Books Press 1956) (1921).

[11] *See* JIAXI YU, GU SHU TONG LI • AN ZHU LU DI YI [GENERAL DISCUSSION OF ANCIENT BOOKS] 21 (Shanghai Ancient Books Press 1985).

[12] *Id.*

[13] *See* Zhi Cao, A *Brief Study of Copyright in Ancient China*, 2 BOOKS AND INFORMATION 35 (1998).

Based on these historical records, the right of attribution, an important part of an author's right, indeed evolved in early Chinese history. Not only is such an attribution practice well documented, historical records also show that plagiarism was widespread and was early on considered despicable conduct in ancient China. For example, *Shi Pin* (*Morality of Poetry*), a collection of Chinese poems edited by South Dynasty (420 A.D.–589 A.D.) scholar Rong Zhong, recorded the following incident: "A poem in the collection titled *Xing Lu Nan* (*Difficulty in Traveling*) was originally written by Guo Cai, a poet living in Dongyang. One of Guo Cai's acquaintances, Yue Bao, often visited him at his house. Guo Cai passed way. Yue Bao stole the poem and passed it off as his own. Guo Cai's son learned about it and intended to bring legal action against Yue Bao. Yue Bao settled the claim for a substantial amount of money."[14]

Another example was documented in the Tang Dynasty (618 A.D.–907 A.D.) by the famous writer Zhongyuan Liu. In *Wu Bai Jia Zhu Liu Xian Sheng Ji* (*Commentary on the Works of Liu by 500 Scholars*), Liu made the following comments: "Wenzi was said to be a disciple of Laozi, the founder of Taoism. Wenzi authored twelve books. These books were based on Laozi's thoughts and the writing styles were similar to Laozi. As such, the books were at best a summarization or paraphrase of [Laozi's] works and were void of originality. Writing books by piecing together others' works were not uncommon. Mencius, Guan Zi and other famous scholars were all victims of plagiarism."[15]

These historical records suggest that rights consciousness on literary works before the invention of printing technology only touched the personality aspect of authors' rights, in particular the right of attribution. Property consciousness on literary creation is yet to be awakened. To a large extent, this was predetermined by the cultural, technological and economic conditions at the time. Firstly, the primary incentive of authoring was to establish oneself in the society and in history (*Li Yan*), not to recoup any economic benefits. Secondly, the underdevelopment of dissemination technology and commodity exchanges rendered the possibility of profiting from one's works remote. Reproduction of literary works relied on manual copying. The cost of copying was high and the process was laborious. Compounded by the lack of a market, copying had little impact on the livelihood of authors.

However, that is not to say that all authors were entirely oblivious of economic rewards during this period. Historical documents show that something resembling "commissioned works" was in existence. For exam-

14 Chen Qu, *Copyright Disputes Puzzling Ancient People*, 3 COPYRIGHT 2 (1993).

15 Handong Wu, *Some Thoughts on the History of the Conception of the Copyright Law in China*, 3 RESEARCH ON LAW AND COMMERCE 45 (1995).

ple, *Chang Men Fu* (*The Chant of Chang Men*) was commissioned by a queen in ancient China and used to appease the Emperor.[16] The author essentially exchanged his work for money. Nonetheless, such an exchange has nothing to do with the assignment of copyright. More likely, it was an exchange of the author's labor and creativity for payment. The economic aspect of copyright emerged only after the invention of printing technology as a result of which copying became profitable.[17]

II. THE INVENTION OF PRINTING TECHNOLOGY AND INDIGENOUS PROTECTION OF LITERARY WORKS

While books had been written in early civilizations, they became the main carrier of information and knowledge only after the invention of printing technology. As such, there has always been a close link between books and printing technology. To a certain extent, copyright and related institutions originated to protect the interests of book printers. The link between copyright and printing technology is thus obvious. The invention of printing technology lowered the cost of reproduction and raised the productivity of copying. Consequently, commercial dissemination of books was made possible and the need of copyright protection arose.

It is an undisputed fact that printing technology was first invented in China. Though it is difficult to pin-point exactly when it was invented, engraving printing technology may be traced back to the Sui Dynasty (581 A.D.–618 A.D.). In 1907, Aurel Stein, a British national, took a copy of *Diamond Sutra* from Dunhuang, China. Later research revealed that this book was printed in 868 A.D. (during the Tang Dynasty) and is the earliest engraved book in existence,[18] predating its European counterpart, *The Image*, which was printed in 1423, by approximately 550 years. In 1974, a copy of *Wu Gou Jing Guang Da Tuo Luo Ni Jing Zou* was excavated in an ancient tomb near Xian. Archaeologists believe it was printed between 650 A.D. and 670 A.D., which made it the earliest single-page engraved print in the world.[19]

In the Tang Dynasty, engraving printing technology was widely applied. The scope of works printed was extensive, ranging from sutra to almanac. The growth of the printing trade, particularly the increase of private printing shops, had a substantial impact on state control of information dissemination, challenging the official institution which dominated the collection, editing, contents and circulation of books. The state gradu-

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[16] *See* ZHENG, *supra* note 1, at 7.

[17] *Id.*

[18] *Id.*

[19] *See* Jixin Pan, *The Original Place: China or Korea?*, 16 STUDIES IN THE HIST. OF NATURAL SCI. 50 (1997).

ally felt the need to take legal measures to maintain the authority of the official discourse from such private competition.

The earliest attempt to regulate publication and copying can be found in the Tang Dynasty. In 835, Emperor Wenzong (827 A.D.–840 A.D.) issued an edict prohibiting the printing and reproduction of calendars and almanacs without state sanction. The edict was subsequently incorporated into the Tang Code.[20] Gradually, the scope of the ban was extended to the printing and dissemination of works on official history, heresy, Buddhism and Taoism.[21]

During the Five Epoch period (907 A.D.–960 A.D.), the first state publisher in the world was established in China. Under the leadership of chief editor Min Tian, official scholars in *Guo Zi Jian* (the highest academic institution) spent twenty-two years compiling a collection of ancient classics titled *Jiu Jing* (*The Nine Ancient Classics*). After its completion in 954 A.D., the book was printed on a large scale and sold to the public.[22] Based on *Shi Yi* (*Incidental Findings*) written by Bi Luo in the Song Dynasty, starting from the publication of *Jiu Jing* up until the Zhiping period (1064 A.D.–1067 A.D.) in the Song Dynasty, engraved printing of books was strictly prohibited without the authorization of *Guo Zi Jian*. Those who engraved books without official sanction were investigated and punished.[23] While the main purpose of such injunctive protection of books was to entrench the authority of official works rather than protecting the economic interest of printers and authors, it did provide a foundation for further development of copyright. To a certain extent, such early injunctive protection is similar to the initial state control on printing in the West, only 500 years earlier.

Since the Zhiping period (1064 A.D.–1067 A.D.) in the Song Dynasty, the ban on private printing was relatively relaxed. However, substantial control remained. According to *Xu Zi Zhi Tong Jian Chang Pian* (*Supplemental Chronicle on Governance*), in July of the fifth year of the Emperor Yuanyou period (1086 A.D.–1093 A.D.) in the Song Dynasty, the Imperial Court made the following decision: "all writings that comment on current political affairs and national defense shall not be recorded and distributed; minutes of official meetings in the current dynasty, national historical records and official notes shall not be engraved and printed. Any violators shall be subject to a two-year imprisonment."

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20 *See* Xu Liu et al, Jiu Tang Shu • Wen Zong Ben Ji [The Old Book on the History of Tang Dynasty • The Biography of Emperor Wenzong] 563 (Publishing House of China 1975) (945 A.D.).

21 *See* Bin Wang, Books Banned • Prison of Letters 26-27, 55 (1992).

22 *See* Zheng, *supra* note 1, at 3.

23 *See* Bi Luo, Shi Yi [Incidental Findings] 2 (Publishing House of China 1991) (1831).

Thus, certain works were still beyond the domain of private printing at this stage.

In the North Song Dynasty (960 A.D.–1127 A.D.), printing technology was further developed. Based on *Meng Xi Bi Tan* (*Commentary in Meng Xi*), written by North Song scientist Kuo Shen, block printing technology, which is comparable to Gutenberg's printing press, was invented by Sheng Bi during the Qingli years (1041 A.D.–1048 A.D.). However, due to the economic and cultural idiosyncrasy of traditional Chinese societies, the more advanced block printing technology never replaced traditional engraving printing technology in imperial China.[24] Before the importation of modern printing technology in the late Qing Dynasty, engraving printing remained the dominant technology relied upon by printers in China.

In the South Song Dynasty (1127 A.D.–1279 A.D.), the printing trade expanded further. In addition to official printing, private individual printing and shop-printing boomed. So did piracy. Laws prohibiting unauthorized engraving and copying were reinforced. Only this time, the purpose of injunctive protection was not solely to maintain centralized state authority. Protecting the economic interests of printers was also a discernable end of such efforts. This brought protection of literary works one step closer to modern copyright discourse.

Shu Lin Qing Hua (*Comments on the History of Books*), authored by renowned late Qing scholar Dehui Ye, provides a detailed description of copyright protection in the Song Dynasty. According to Ye, "Chong Wang, an author in the Song Dynasty wrote a history book titled *Dong Du Shi Lue* (*A Brief History of Luoyang*). On the index page of the edition printed in the Song Dynasty, there was a *paiji* (copyright notice) which stated that 'this book is printed and published by the family of Secretary Cheng in Meishan. The government has been notified accordingly. No reprinting is permitted.'"[25] Based on some research, the printing date of this book is between 1190 A.D. and 1194 A.D. Secretary Cheng was a known engraver and printer at that time.

Such evidence shows that copyright consciousness had reached a new level in China. Official works were no longer the only protected subject matters. Private printers had consciously attempted to protect their products through a government sanctioned notice against unauthorized copying. Some scholars believe that this is the first copyright reservation notice in China. From a certain perspective, it bears some resemblance to the copyright notice mandated by the Universal Copyright Convention (UCC)

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[24] *See* Linin Liu, *Why Block Printing Technology Failed to Spread in Ancient China*, 1 GUIZHOU HISTORICAL STUDIES (2004).

[25] *See* DEHUI YE, SHU LIN QING HUA [COMMENTS ON THE HISTORY OF BOOKS] 36 (Publishing House of China 1957) (1911).

centuries later.[26] Nevertheless, the evidence only proves the tendency to protect the interests of printers; the interests of authors were not an issue on the agenda yet.

Drawing from *Shu Lin Qing Hua*, there may have been a practice in the Song Dynasty for printers to apply for local government edicts to prevent others from copying their works. In the second year of Jiaxi (1238 A.D.), the local governments in Fujian, Zhejiang and Jiangsu issued two edicts protecting a printer's proprietary rights on four books. The essence of the edicts is as follows: "Ji Wu, who works for Taifu[27] Zhu and his family, verifies that our family engraved and published several books including *Fang Yu Sheng Lan, Si Liu Bao Yuan* and *Shi Wen Lei Ju*. These books are privately edited by scholars hired by our family. Our family has spent much time and labor engraving these books. The costs incurred are tremendous. We are afraid that unscrupulous people may reproduce our books, change the titles of our books, or abridge their texts like what they did to one of our books titled *Yu Di Ji Sheng*. Should such things happen, our painstaking efforts and large investments will be forfeited. The loss to us will be substantial. As such, we have pleaded to local officials for an edict prohibiting any reprinting of our books. . . . If anyone does so, we will find the liable person, file a complaint against him and destroy his plate. We are resolved to pursue any violators to fullest extent of law."[28]

The edicts are significant in three aspects. First of all, they demonstrate that piracy had become a threat to the private printing trade back then. Unscrupulous people were reprinting others' works for economic gain. This made copyright protection necessary. Secondly, injunctive protection of books had spilled over from printers to authors and editors. The edicts cited the efforts of both scholars and engravers as grounds for protection. At least, authors' economic interests were indirectly recognized and protected. Thirdly, the edicts documented state involvement in the protection of private proprietary rights on literary works. Literary works were recognized and backed up by the state as a viable subject matter of private property rights. The conception of copyright in China became more in line with the modern copyright discourse.

However, protecting the economic interests of printers is not the only grounds for state-sponsored prohibition against unauthorized reproduc-

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[26] The Universal Copyright Convention came into effect in 1952. According to the Convention, copyright protection is not automatic. Copyright holders must attach a copyright notice for their works to be protected. China acceded to the Convention on 30 October 1992.

[27] *Taifu* was the title of a specific rank of officials in ancient China.

[28] *See* YE, *supra* note 25, at 36. *See also* LITERATURES ON THE STUDY OF CHINA'S COPYRIGHT HISTORY 3 (Lin Zhou & Mingshan Li eds., 1999) [hereinafter Zhou & Li].

tion in the Song Dynasty. Protecting an author's reputation and the integrity of works were equally important considerations. Based on *Shu Lin Qing Hua*, a book printed during the Cunyou years (1248 A.D.) titled *Cong Gui Mao Shi Ji Jie* (*Annotated Collection of Poems by Cong Gui Mao*) incorporated the following announcement: "My late uncle was very diligent when he was alive. He had won two awards for his work on *Shi Jing* (*Collection of Ancient Poems*). . . . He had done extensive research on Mao's poems and taken down every thought and comment in the process. Based on his research, he completed the highly original book *Cong Gui Mao Shi Ji Jie*. The manuscript was given exclusively to the Luo family for printing. The Luo family was one of the most accurate proof-readers and engravers. . . . I am afraid that the book on which my uncle had made a lifetime effort may be reproduced by those chasing unjustifiable profits. The reproduction may distort the format and contents of the book. Such an act not only defeats Luo's original purpose in printing the book, but also discredits the scholarship of my uncle. Therefore, I have applied to the official authority overseeing the inland commerce in Zhejiang, Jiangsu and Fujian for a protection order. . . . If anyone violates the protection order, I will plead to the government to confiscate any pirating copies and destroy his plate. I will also see to it that violators are criminally punished."[29] The announcement evidenced the progress in the protection of an author's moral rights at that time. In addition to the right of attribution, an author's right to protect the integrity of works were also recognized and supported by the state apparatus. More importantly, the underlying rationale is partially based on an author's moral right, which was inheritable by a relative, in this case, the nephew.

From the Five Epochs to the Song Dynasty, printing technology and the printing trade thrived. As summarized by Ming Dynasty scholar Yinglin Hu, printing "emerged in the Sui Dynasty, spread in the Tang Dynasty, developed during the Five Epochs, and was perfected in the Song Dynasty."[30] The booming of the printing trade and the resulting wider availability of cheaper books contributed significantly to the development of Chinese culture. In the mean time, piracy became a prevalent phenomenon. The situtation was best described by Dehui Ye, the author of *Shu Lin Qing Hua*: "Whenever a good book becomes popular, reprinting by others is unavoidable. No wonder engravers and printers are making

[29] *See* Zhou & Li, *supra* note 28, at 4. *See generally also* 3 JINWU ZHANG, AI RI JING LU CANG SHU ZHI JUAN SAN [JOURNALS ON THE COLLECTION OF BOOKS IN AI RI JING LU] (Press of Literature, History and Philosophy 1982) (1818).

[30] *See* Yuan Zhuming, *A Brief Comment on the Formation of the Conception of Copyright in China*, *in* ANTHOLOGY OF COPYRIGHT STUDIES 126 (Copyright Society of China ed., 1995).

every effort to prevent this from happening."[31] Crude forms of copyright protection thus came forward as a solution to a concrete social problem. In a sense, the conception of copyright during this period is much closer to its modern counterpart then it appears. While the main focus of copyright protection was to protect the economic rights of printers, the moral right of authors was also a significant factor. Though ad hoc, the proprietary rights of printers and moral rights of authors were sanctioned by the state. Thus, the existence of the copyright concept and copyright awareness in traditional Chinese societies should not be disputed.

In the Yuan Dynasty (1206 A.D.–1368 A.D.), the practice of injunctive protection developed in the Song Dynasty was largely preserved. Copyright notices and announcements can often be found in books printed in this period. In addition to the threat of legal action, printers tended to warn readers of the dangers of using a pirated copy. For example, the *paiji* in a Yuan Dynasty edition of *Gu Jin Yun Hui Ju Yao* (*Essential Rhymes From the Ancient to Date*) gives the following warning: "I was entrusted by my late mentor Zaigan Huang with engraving the plate of *Gu Jin Yun Hui Ju Yao*. There are a total of thirty volumes. Never in history have the phonetics, formats and meanings of these rhymes been explained in such a thorough and clear way. I have proofread the volumes three times to ensure the templates are free of error. It is time to print the volumes and share them with all scholars under the sky. However, the volumes are privately authored and are different from books available on the market. I am afraid that unscrupulous people who care only about profits may reproduce them by changing the titles and abridging the texts. Even small errors made in the pirating process may hamper scholars' learning experiences. To prevent such consequence, I have applied to officials for a protection order prohibiting the reproduction of the book. I hereby advise that scholars identify the authenticity of the books before they buy or read them."[32]

In the Ming Dynasty (1368 A.D.–1644 A.D.), the scale of the printing trade multiplied. Competition among various printing shops became ever more intense. Copyright notice became more ubiquitous. Evidence and examples are more readily available today. The *paiji* in *Huang Ming Wen Ji* (*The Huangming Collection of Literatures*) engraved by the Chen family states: "Whoever dares to reproduce this book will be vigorously pursued."[33] In the *paiji* attached to *Yue Lu In* (*The Voice of Yuelu*), printed during the Wanli years (1573 A.D.–1619 A.D.) in the Ming Dynasty, the

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[31] *See* YE, *supra* note 25, at 42.

[32] *See* 1 ZHANG, *supra* note 29, at 251; YE, *supra* note 25, at 41-42. *See also* CHONGMIN WANG, ZHONG GUO SHAN BEN SHU TI YAO • JING BU SHI [ABSTRACTS OF WELL-PRESERVED EDITION OF CHINESE BOOKS] 66 (1982).

[33] *See* Zhou & Li, *supra* note 28, at 14.

printer warned: "We will go a thousand *li* (half a kilometer) to find and punish anyone who reproduces this book."[34] The preface of Shiyan Cao's *Dao Yuan Yi Qi* (*The Unity of the World*) states the following: "If any ignorant and greedy person reproduces this book, I promise I will let the whole world know and take legal actions against him. That is the only way I could find peace."[35] However, the effectiveness of such notices and the related injunctive protection practice is questionable. Based on *Zhong Guo Gu Dai Shi Ji Jiao Du Fa* (*Methodology on Studying Ancient Chinese Historical Records*), unauthorized engraving and reproduction of books was prevalent in the Ming Dynasty.[36]

The injunctive protection practice that evolved in imperial China lasted until the late Qing Dynasty (1644 A.D.–1911 A.D.). Emperor Guangxu (1875 A.D.–1908 A.D.) once issued an edict to protect the exclusive reproduction right in a book titled *Jiu Tong Fen Lei Zong Zhuan* (*Anthology of the Jiutong Classification*). However, this may be the last highlight of indigenous copyright discourse in China. In 1903, with the signing of the Continuous Convention Regarding the Trade Relations and Shipping between China and the United States of America, the modern copyright concept was formally imposed on China.

The injunctive protection practice played an important role in protecting literary works in imperial China and contributed tremendously to the enrichment and preservation of Chinese culture. However, despite its early emergence, the indigenous Chinese copyright practice failed to transform itself into a modern copyright regime. To a large extent, the injunctive protection practice had never been developed into a national scheme. And the long imperial history fell short of producing a single copyright statute. In contrast, although it appeared centuries later, the copyright discourse in Europe leapfrogged from injunctive protection to modern legislation in a relatively short period of time. It is intriguing why the conception of copyright stayed at a rudimentary level in imperial Chinese societies given a head start. In the next section, we will attempt to explore the underlying dynamics that suppressed the development of copyright discourse in China.

III. CONTEXTUAL CONSTRAINTS ON THE EVOLUTION OF COPYRIGHT IN IMPERIAL CHINA

The above historical review shows that copyright consciousness dawned early in ancient China. Throughout the cycle of dynasties, various

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[34] *Id.* at 13.

[35] *See* Wu, *supra* note 15, at 46.

[36] *See* SHUNHUI ZHANG, ZHONG GUO GU DAI SHI JI JIAO DU FA [METHODOLOGY ON STUDYING ANCIENT CHINESE HISTORICAL RECORDS] 136 (1962).

attempts, either official or private, had been made to protect the economic value and moral integrity of literary works. Nonetheless, it is a fact that copyright protection in imperial China never reached the maturity comparable to a modern copyright regime. To a large extent, the unique trajectory of copyright development in imperial China was shaped by its distinctive economic, legal and cultural contexts. Copyright as a form of legally fenced commodity cannot grow without the existence of a developed commodity economy, a functional legal culture and the advance of reproduction and dissemination technology.

In ancient Chinese societies, the self-reliant feudal economy was the predominant form of economic organization. Commodity exchanges were largely underdeveloped. The absence of a matured commodity economy is often deemed to be a significant cause of the underdevelopment of the private property right in general and copyright in particular.[37] While the reproduction and dissemination technology, in particular printing technology, was highly developed in imperial China, such technological advantage cannot alone propel the formation of a modern copyright regime. After all, the economic values of literary works are best realized through market exchanges. Copyright as a form of transferable property is more likely to grow in the soil of a commodity economy.

Since the industrial revolution, the commercialization of literary works in Europe was far more pervasive than Chinese societies at the same stage. Coupled with the liberal movement toward the ultimate respect for human value and individual personality, the modern copyright discourse embracing both the economic rights and moral rights of authors evolved in early Western capitalist societies.[38] Compared to the West, capitalist ideology and institutions never took root in imperial China, largely due to the entrenched feudal policy which promotes agriculture and suppresses commerce. In the lengthy imperial history, book markets, if they ever existed in China, were of a meager scale. Under such circumstances, the chances for the emergence of modern copyright discourse are far and few.

In additional to the lack of commensurate economic foundations, the evolution of copyright in imperial China was also constrained by traditional Chinese culture, particularly its distinctive political and legal culture. In imperial Chinese societies, literary endeavors had been substantially controlled by the paternal feudal state. The space left for individual creativity was relatively limited. The rest of this section looks into various factors that restricted the path of copyright development in imperial China.

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[37] *See* ZHENG, *supra* note 1, at 22.
[38] *Id.* at 48.

A. *The Paternal Control of Literacy Creation and Dissemination by the Feudal State*

To a certain extent, freedom of thought and speech has a direct impact on the production of literary works and the flourishing of culture. As such, it is a crucial basis of copyright development. In imperial China, the liberty to think, speak and write had been significantly suppressed. It is not uncommon for rulers of the dynasties to take strict measures to control the creation and dissemination of information, particularly the publication and circulation of books. The source of such a cultural suppression policy can be traced back to Han Fei Zi, the renowned legalist philosopher in the Spring and Autumn and Warring States period. According to Han Fei Zi, "the optimal way to eradicate evil is to prohibit evil thoughts, the second best way is to prohibit evil speech, and last way is to prohibit evil behavior."[39] The teaching of Han Fei Zi was almost consistently followed by rulers of the dynasties. Private printers were prohibited from reproducing official editions of books, and violators were severely punished.

In the Qin Dynasty (221 B.C.–207 B.C.), "any history books not concerning the Qin Dynasty were burned. Other than officials in charge of education, people were prohibited from privately collecting and possessing *Shi* (*The Collection of Classic Poems*), *Shu* (*The Collection of Classic Books*) and the writings of scholars of various schools of thoughts. Violators were executed and the books burned. Even worse, anyone who talked about *Shi* and *Shu* were executed and their bodies discarded on the street. Anyone who insinuated the current society through a discussion of historical events, were executed and their family annihilated. Officials who failed to report any known violation were guilty to the same extent."[40]

In North Wei (386 A.D.–534 A.D.), Emperor Xiaowen (471 A.D.–499 A.D.) articulated the following policy: "the explosive production of books is not necessarily beneficial to the governance of the state. On the contrary, it offers the evil an efficient operating platform. . . . All books shall be burned and anyone who saves them shall be executed by *dapi* (chopping into half)."[41] In subsequent dynasties, the vestige of such a cultural suppression policy was codified into law. For instance, pursuant to the Tang Code (*Tang Lu Shu Yi*), possessing private collections of books on

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[39] *See* HAN FEI ZI, HAN FEI ZI • SHUO YI [HAN FEI ZI • ON DOUBT] 138 (Shanghai Ancient Books Press 1989) (200 B.C.).

[40] 8 QIAN SIMA, SHI JI [RECORDS OF CHINESE HISTORY] 2546 (Publishing House of China 1959) (90 B.C.).

[41] *See* WANG, *supra* note 21, at 24.

astrology, astronomy, applied science, bibliography, warfare, Taoism, etc. was a crime subject to three-year imprisonment.[42]

With the perfection of printing technology in the Song Dynasty, the availability of books significantly increased. However, there were few signs of relaxation on the culture suppression policy. Instead, the scope of the book ban was significantly expanded. Prior to the Song Dynasty, books banned from private reproduction and collection were mostly those spreading heresy and those challenging state authority. In the Song Dynasty, the parameters were enlarged to include books on unofficial history and pure literatures. Emperor Huizong (1101–1125) once ordered the burning of printed editions of essays and poems by famous writers such as Xun Su, Shi Su, Tingjian Huang, Buzhi Zhao, etc.[43] The works of these authors were of pure literary and esthetic value and posed no threat to the official discourse.

Some scholars concluded that in imperial China, the more developed the economy, the more intensified the state control; the more prolific the authoring, the stronger the censorship.[44] Even if the advancement of technology had made publication easier, increased censorship substantially constrained its multiplication. In such a political environment, authors were forced to trade their economic and moral interests for the dissemination of their thoughts and creation in the narrow space left by the state. And even within the suppressed permissible universe, any ad hoc injective protection of literary works afforded by the state was mainly for the purpose of controlling the dissemination of information. Under such circumstances, full fledged copyright protection was a luxury beyond the reach of authors.

B. The Underdevelopment of Commerce and the Lack of Market Incentive

During the prolonged imperial history, the Chinese economy revolved around agriculture. Individual households self-produced most of the consumed items. The scale of commodity exchanges was minimal. This is partially the result of consistent state policy which promoted agriculture and suppressed commerce. The value of commodity exchanges were neither recognized by the state nor realized by the public at large. Commerce was traditionally a disdained enterprise. The social status of business people was among the lowest in the hierarchy. Within such eco-

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[42] 4 WUJI ZHANGSUN ET AL, TANG LU SHU YI [INTERPRETATIONS OF THE TANG CODE • ON REGIME] 458 (Publishing House of China 1985) (653 A.D.). *See also* Wang, *supra* note 21 at 25-30.

[43] *See* WANG, *supra* note 21, at 42.

[44] *See* YUANFANG SONG, THE HISTORY OF THE PUBLICATION IN CHINA 12 (1991).

nomic and social settings, it was difficult, if not possible, for authors and printers to extract large rents from book sales. The burgeoning property consciousness on literary works was thus significantly discouraged.

Moreover, traditional Chinese values, particularly those embedded in the literate social elites, eschewed the property notion of literary creation. Literary creation was deemed a spiritual process of self improvement. It was aimed to appreciate the essence of the external world, cultivate the inner self, raise a virtuous family, contribute to the governance of the state and ultimately to create a harmonic world. Rent-seeking was the last thing in the minds of imperial scholars. The ideal of these scholars was to earn social recognition for their works, disseminate the wisdom of forefathers, enlighten future generations, and guide the course of social development. Following such ideal, a *junzi* (virtuous man) was not supposed to even talk about economic gains (*junzi bu yan li*) and the end of literary creation was in no sense a bowl of rice (*wen zhang bu wei liang tao mou*). On the one hand, such an ideal reflects a certain nobility on the part of imperial scholars. On the other hand, it is a testament of the lack of property consciousness among the literate elites.

Furthermore, literary creation was regarded as a transmission of the past. Ancient thoughts were revered as the fountain of all literary works. Consequently, literary works, especially those meritorious ones, should be shared by all generations and should never be the private property of anyone. Qian Sima, the most influential historian in ancient China, once remarked in his famous *Shiji* (*The Chronicle of Chinese History*) that literary works should be "deposited in renowned mountains so as to transmit to future generations."[45] Such a unique perception of literary creation and the related sharing spirit contradict the proprietary aspect of copyright. To a certain degree, it offered some explanation as to why the rudimentary copyright discourse in imperial China focused on the moral rights of authors and left the economic rights based on literary works to printers.

C. *The Confucian Political and Legal Culture*

It is almost a cliché to position Confucianism at the core of traditional Chinese culture. The political and legal tenets in imperial Chinese societies were often said to have been "Confucianized." The Confucian social order was essentially a patriarchal hierarchy. The interest of the state was superior to that of a clan, the interest of a clan was superior to that of a family, and the interest of a family was superior to that of an individual. From a certain perspective, individuals, who were at the bottom of the totem pole, were not even recognized as the basic unit of a society. To a large extent, individual identity was overshadowed by that of his family. Complicated

[45] *See* 10 SIMA, *supra* note 40, at 3320.

by the fact that the mode of social behavior in traditional Chinese societies was defined in terms of duties owed by the inferior to the superior rather than individual rights,[46] an individual property right, even if it existed, was marginalized by the concept of familial property. According to *Li Ji* (*On Li*), "one shall not own any private property if one's parents are still alive," and "a son shall not have any private savings and possess any private belongings."[47] It is imaginable that copyright, as a species of private property, cannot outgrow such an obscured conception of a private property right.

Additionally, under the influence of Confucianism, law was merely a buttress of the more important social norm, *Li*.[48] In the master's own words, "if in government you depend upon laws and maintain order by enforcing those laws by punishments, you will see that the people will try to avoid the punishment and that they will gradually lose the sense of shame. If, on the other hand, in government, you lead people with virtue and regulate their actions with *Li*, you will see that they will have a sense of shame for wrongdoing and that they will emulate what is good."[49] The central importance of *Li* in ancient Chinese societies can also be found in *Zuozhuan* (*Zuo on the History of Spring and Autumn*). In this classic, *Li* was defined as "the morality of heaven, the justice of earth, and the rules of human conduct, which is the order of nature and shall be followed by the people."[50]

The dominance of *Li* predetermined the distinctive legal culture of imperial China. Law followed the guidance of *Li* and was the last resort of *Li*. Social conflicts were mostly resolved privately pursuant to the maxims of *Li* instead of an assertion of rights in a court of law. *Li* promoted social harmony and valued the virtue of compromise. As a result, people in traditional Chinese societies were generally non-litigious. Despite its function in keeping social stability, the preoccupation on social harmony stifled the awakening of individual right consciousness. Copyright, as a form of individual rights, was not immune from such general obliviousness toward individual rights.

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46 *See* YONGYI JIN, CONCEPTION OF LAW IN CHINA AND WESTERN COUNTRIES 37 (1989).

47 *Li Ji* (*On Li*), *in* SHI SAN JING ZHU SHU [ANNOTATED THIRTEEN BOOKS ON ANCIENT MASTERPIECES] 1463 (Zhejiang Ancient Books Press 1998) (1816). *See also* SHI SAN JING ZHU XIN SUO YIN [NEW INDEXES OF ANNOTATED THIRTEEN BOOKS ON ANCIENT MASTERPIECES] 1553 (Bo Li, Xiaoguan Li & Jinbi Fu eds., 1997).

48 An oversimplified interpretation of *Li* would be mores and ethics.

49 THE ANALECTS, Book 2, Chapter 3.

50 *Zuozhuan* [*Zuo on the History of Spring and Autumn*], *in* 3 CHUN QIU ZUO ZHUAN ZHENG YI XIA [ANNOTATED ZUO ON SPRING AND AUTUMN] 1447 (Xue Qin Li ed., 1999).

While incidents of copyright consciousness were well documented in imperial history, the transformation of such consciousness into universal property rights were largely hampered by its economic, political, social and cultural contexts. The indigenous copyright discourse in imperial China was limited to ad hoc injunctive protection of author's moral rights, specifically the right of attribution and the right to protect the integrity of works, and the printer's economic interests. Overall, state protection of literary works, particularly the proprietary interests of authors and printers, was a sporadic rather than persistent phenomenon.[51]

IV. EARLY TRANSPLANTATION OF MODERN COPYRIGHT DISCOURSE IN THE LATE QING AND THE REPUBLICAN ERA

The repose of traditional Chinese society was substantially disturbed by the 1840 Opium War which marked the first significant clash between China and the West. In the century that followed, China was turned into a semi-feudal and semi-colonial society. Whether imposed by Western imperial powers or voluntarily imported by enlightened Chinese reformers as part of a self-strengthening strategy, Western thoughts, technology and institutions were gradually introduced to China. Along with it, came the modern copyright discourse.

To a certain extent, the influx of Western ideas stimulated the growth of capitalist production in China. In the arena of printing and publication, obsolete traditional engraving technology was replaced by much more efficient modern machine printing technology, and the printing businesses were transformed from family shops to modern enterprises. The advancement in technology and business management significantly boosted the productivity of books. The formation of a large scale book market provided some economic justification for the transplantation of Western copyright discourse.

However, the initial adoption of a modern copyright regime in China was not a natural fruit of the emergence of a capitalist market. In fact, it was imposed by bilateral treaties signed between China and the imperialist powers. After the opening of Chinese markets, Western countries felt the need to protect the intellectual property of their nationals. In the absence of an indigenous intellectual property framework, bilateral treaties became a viable solution. Pursuant to the Continuous Convention Regarding the Trade Relations and Shipping between China and the United

[51] According to *Shu Lin Qing Hua*, only a few financially strong printers were able to obtain injunctive protection orders from local governments at the time. The issuance of such orders is not a usual phenomenon. *See* YE, *supra* note 25, at 41.

States of America signed by the late Qing Court in 1903, China was obligated to protect the copyright of United State citizens for a period of ten years.[52] Historically, this was the first formal recognition of modern copyright by a Chinese state.

The dissemination of modern copyright discourse during this period was not limited to formal state acts. Scholars and activists, Western or Chinese, played an important role. The contribution of Young J. Allem, an American missionary, is worth noting. Allem worked as a part-time translator for *Jiang Nan Zhi Zao Ju* (The Bureau of Manufacture in Southern China). In his Chinese book titled *Zhu Zuo Quan Zhi Guan Xi* (*The Significance of Copyright*), Allem backed up his call for greater respect of copyright with the following argument: "Authors exhaust their energy and printers invest their money to bring a book to the society. Since the public benefits from the books, they should pay something in return. This is why copyright is created."[53] Practicing his belief, Allem attached the following copyright announcement to the *Universal Gazette* he edited, "We have heard that some unscrupulous publishers intend to reproduce [our] books for unjustifiable profits. In accordance with Western practice, reproducing and selling the books of others is the same as stealing others' property and is invariably punished."[54] While some scholars suspect that the real purpose of Allem was to protect the interests of publishers of religious works, Allem's preaching nonetheless had the effect of furthering the copyright course in China.

Before the end of the Qing Dynasty, the importance of copyright was also realized by some Chinese capitalist reformers. Among them, the most notable is Fu Yan. In his numerous correspondences, Yan unambiguously stressed the significance of copyright and proposed to bring its protection within the ambit of law.[55] In his letter to Baixi Zhang, Yan articulated the underlying rationale for copyright protection: "Laws of the nations, east or west, all emphasize the protection of copyright. Why is it so? Because they do not have much choice. . . . If a nation does not protect copyright, the supply of books will dwindle."[56] Yan saw copyright protection as a way to revive Chinese culture. In the same letter, Yan remarked: "If officials respect copyright and put copyright protection into

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[52] *See* Treaty Between the United States and China for the Extension of the Commercial Relations Between Them (Oct. 8, 1903) art. 11, FOREIGN RELATIONS OF THE UNITED STATES 97 (1904).

[53] *See* Young J. Allem, *Yi Tan Sui Bi* [*Rambling in the World of Translation*], 83 UNIVERSAL GAZ. (1904). *See also* Zhou & Li, *supra* note 28, at 81.

[54] *Id.*

[55] *See* Jianhui Wang, *Research on the Early Conception of Publication in China*, 2 J. COLL. COMMUNIST PARTY OF CHINA 96 (1998).

[56] *See* FU YAN, YAN FU JI • SHU XIN [A COLLECTION OF FU YAN'S WRITINGS • CORRESPONDENCE] 34 (1986).

practice, then everyone will make his best effort [to create works], soon it will be the rage. Given the intelligence and creativity of the Chinese people, the capacity of Chinese academia will grow substantially in ten years. And in twenty years, good Chinese works will be everywhere. If copyright is not recognized or not strictly enforced, then the hope of enlightening the Chinese public will be lost."[57]

Partially due to the external pressure from the imperialist powers and partially as a result of internal advocacy by Chinese reformers, the late Qing Court started a series of law-making projects to modernize the governance of the country around the turn of the twentieth century. A guiding principle of this law-making movement was to "absorb the merits of Western laws to cure the defects of traditional Chinese laws."[58] The enactment of a copyright law was an important part of this process. In a report submitted to Emperor Xuantong (1909–11), the Minister of Civil Affairs made the following suggestion: "Many nations around the world have special laws that deal with piracy of literary works. These laws define the scope [of protection] and guarantee [authors'] right. As a result, science and arts develop at a fast pace. Now that we are resolved to build a legal system pivoting around the constitution, the overall quality of our nationals is bound to improve more and more. If we wish to encourage the free flow of thoughts, we must meticulously promote [such a law.]"[59] Decades after the report, the first copyright law in China, the Qing Copyright Code, was finally enacted in 1910, exactly 200 years after the Statute of Anne,[60] the first copyright law in the world.

Compared to traditional Chinese copyright discourse, the Qing Copyright Code formally recognized author's rights in a national law. The concept of copyright in China eventually broke through the traditional constraints and met the modern world. However, one year after the promulgation of the Qing Copyright Code, the Qing Court was toppled by the 1911 republican revolution. Although this monumental legislation was never fully implemented, its legacy cannot be underestimated. Prior to the founding of the People's Republic of China in 1949, both the Beiyang Warlords (1912–28) and the KMT government (1912–49) had enacted copyright laws, and the influence of the Qing Copyright Code on these legislations is discernable. Somewhat like the Qing Copyright Code, the

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[57] *Id.*

[58] *See* GUOHUA ZHANG, NEW EDITION OF THE CHINESE HISTORY ON LEGAL THOUGHTS 349 (1991).

[59] Ministry of Civil Affairs of the Qing Court Files, No. 1103, the Second Year of Emperor Xuantong (1909–11).

[60] The first British Copyright Law enacted in 1710. *See* John Feather, *The Book Trade in Politics: The Making of the Copyright Act of 1710*, 19 PUB. HIST. 39 n.3 (1980).

copyright acts promulgated by the Republican governments failed to establish a lasting copyright discourse among the Chinese populace, largely due to political instability and economic deficiency throughout the Republican era (1911–49). While formally introduced into Chinese societies, the impact of modern copyright discourse had been significantly compromised by its limited enforcement and the popular discourse which remained dominated by traditional Chinese values.

V. RECONSTRUCTION OF COPYRIGHT DISCOURSE IN THE PEOPLE'S REPUBLIC OF CHINA

The founding of the People's Republic of China (PRC) in 1949 diverted the developmental path of copyright in Chinese societies. Immediately after its establishment, the PRC government abolished all laws enacted during the Republican era.[61] Copyright law was not an exception. In the next three decades that followed, the originally fledging notion of copyright was reduced to next to nothing. However, just before its final extinction in 1978, the copyright course took an unexpected turn when China started its much credited economic reform. Since then, China has embarked on an astonishing journey to reconstruct its copyright discourse and institutions. Over a short span of twenty years or so, the Chinese copyright regime sprinted from scratch to full compliance with the prevailing international standard. This section reviews the early demise and recent revival of copyright discourse in contemporary China.

A. The Planned Economy Period (1949–78)

From 1949 to 1978, the Chinese economy was gradually transformed into a socialist economy based on the principle of public ownership and central planning. In the early days of this grand process, the PRC leadership envisioned a legal system modeled on the former Soviet Republic. Copyright was part of the building block. To a certain extent, the Soviet socialist conception of copyright was more compatible with traditional Chinese values.[62] Both focused on the collective nature of intellectual creation. Intellectual works were understood as a social product and thus the common property of the society. Under the influence of such ideology, legislative efforts on copyright law were at the best half-hearted. While a drafting team was established in 1955, the drafting process was suspended later on and was not resumed until 1979.

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[61] *See generally* LAW IN THE PEOPLE'S REPUBLIC OF CHINA: COMMENTARY, READINGS AND MATERIAL 8 (Ralph H. Folsom & John H. Minan eds., 1989).

[62] *See* Brian Barron, *Chinese Patent Legislation in Cultural and Historical Perspective*, 6 INTELL. PROP. L.J. 313-14 (1991).

More importantly, in a planned socialist economy, the space left for individual property rights was extremely limited. Private ownership was suppressed to personal consumer items and a market did not exist in the real sense. As in imperial China, the lack of market exchange deprived the economic foundation of a copyright regime. Even if allowed, the chances for authors to recoup their labor on the market were few. Additionally, with the completion of the socialist transformation in the 1950s, nearly all intellectuals were employees of either the state or of public entities. Intellectual creation was mostly a full time job remunerated by a salary. Consequently, public ownership of intellectual works was rarely challenged. In such an economic setting, the recognition of private proprietary interests on literary works was neither necessary nor sufficiently justified.

The scintilla of copyright consciousness that may have survived the socialist transformation was annihilated in a series of political movements started in the late 1950s. Among them, the most notorious was the cultural revolution during which the entire legal apparatus of the state, including the police, the procuratorate and the court, were dismantled. Not only was private ownership of intellectual works condemned as bourgeois greed, intellectual creation itself was criticized as politically incorrect. The social status of intellectuals was downgraded almost to the bottom, well below workers and peasants. Though oversimplified, in 1978 China, the copyright discourse was next to extinction. And this is the reality Chinese reformers had to face when they embarked on economic and legal reforms in the late 1970s.

B. The Reform Era (1978–Present)

Immediately after the adoption of the famous economic reform and opening up to the outside world policy at the Third Plenary Session of the Eleventh National Congress of the Chinese Communist Party, the official outlook toward knowledge and intellectual creation turned around. The old antagonism was replaced by new respect. "Knowledge is power" became the new motto. The importance of intellectuals and intellectual works was gradually recognized by the state and the society. Additionally, the economic reform unleashed the long suppressed market power. The publication industry and various cultural enterprises flourished. The creation and growth of a market for literary works rekindled proprietary consciousness among authors and provided a necessary economic basis for the reintroduction of the copyright discourse in China.

In 1979, after a two-decade suspension, the drafting of a copyright law was back on the legislative agenda. The rates of statutory remuneration for authors who contributed their works for publication were revised up-

ward time and again.[63] In 1985, the Ministry of Culture issued the Tentative Act for the Protection of Copyright on Books and Periodicals. While this act was only for internal trial, it offered some basis for subsequent legislation. One year later, the notion of copyright was formally recognized with the enactment of the General Principles of Civil Law (GPCL). Pursuant to Article 94 of the GPCL, the sole provision concerning copyright, "citizens and legal persons shall enjoy copyright [author's right], [they] shall enjoy, according to law, the right of attribution, the right of publication, the right to remuneration, etc." As crude and sketchy as it is, copyright was specifically provided in a basic national law for the first time in the history of the People's Republic of China. The course of copyright was thus set and there was no turning back.

A decade in the making, the first copyright law in contemporary China was finally adopted by the Twenty-fifth Session of the Standing Committee of the Seventh National People's Congress on 7 September 1990. The significance of the 1990 Copyright Law was self-evident. It established a formalized structure of copyright protection and contributed enormously to the spread of modern copyright discourse among members of society. While difficult to quantify, the 1990 Copyright Law played an undeniable role in protecting the legitimate rights and interests of authors, promoting cultural, scientific and educational development and nurturing a copyright industry in China. The substance of the 1990 Copyright Law was substantially influenced by models that represent the essence of modern copyright discourse, such as the Berne Convention for the Protection of Literary and Artistic Works and copyright laws of major jurisdictions. The scope of protection covers almost all types of literary and artistic works including sound recordings and computer software. Following the Chinese cultural tradition, the standard for the protection of an author's moral rights adopted in the 1990 Copyright Law was even higher than the international standard set by the Berne Convention.[64]

The pace of social and economic change in China during the past two decades is analogous to that of a rollercoaster. Ten years after the promulgation of the 1990 Copyright Law, "the fundamental economic structure of the country has been further transformed from a central planning system into a socialist market economy. . . . Since the 1990 Copyright Law was enacted at a stage during which the influence of the "command" tradition

[63] *See* the 1980 Tentative Provisions on Remunerations for Contributing Authors of Books and the 1984 Trial Provisions on Remunerations for Contributing Authors of Books.

[64] Moral rights provided in the 1990 Copyright Law include the right of publication, the right of attribution, the right against alteration and the right to protect the integrity of works. Among these rights, the right of publication is not provided in the Berne Convention.

was still sizeable, it unavoidably bears the hallmark of a command economy and therefore needs to be reconfigured to suit socialist market paradigms."[65] Moreover, the Chinese economy has been further integrated into the global market. "Efficient participation in the global market calls for sufficient harmonization of domestic rules with prevailing international standards."[66] Furthermore, information technology has expanded rapidly in China since the enactment of the 1990 Copyright Law. Such technological development demands the extension of copyright law into the newly emerged cyberspace.[67] The combination of these new dynamics prompted a major revision of the 1990 Copyright Law. On 27 October 2001, the Twenty-fourth Session of the Standing Committee of the Ninth People's Congress adopted a resolution that overhauled the 1990 Copyright Law.[68]

After the 2001 revision, the copyright regime in China was in full compliance with contemporary international standards. At least within the official discourse, the conception of copyright in China resonates with its socialist market economic foundation, modern technology and an increasingly globalized world. Additionally, the newly perfected copyright law reflects a much more matured perception of the copyright discourse within Chinese academia and among policy makers. Copyright is widely understood as an important individual right of an emerging right-based society and a balance between the interests of creators and the need of society as users.

1. Contemporary Chinese Copyright Conception: Market Roots

The developmental path of copyright conception throughout Chinese history suggests a co-relationship between the copyright discourse and market economy. To a large extent, the immaturity of the copyright regime in imperial China and the early PRC can be attributed to the underdevelopment of the market economy. And the reconstruction of the copyright discourse since 1978 is a direct effect of the economic reform leading toward a socialist market economy with Chinese characteristics.

At the time the 1990 Copyright Law was enacted, China was at an early stage in its transition from a central planning economic system to a market-oriented economy. As such, the 1990 Copyright Law reflects a confluence of the old command tradition and the new market orientation. Consequently, there was a substantial gap between the 1990 Copyright

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[65] *See* Xiaoqing Feng & Frank Huang, *International Standards and Local Elements: New Developments of Copyright Law in China*, 49 J. COPYR. SOC'Y 917 (2002).

[66] *Id.* at 918.

[67] *Id.*

[68] For a comprehensive analysis of the 2001 copyright law revision, see Feng & Huang, *supra* note 65.

Law and market paradigms. The most notable example concerns the rate of royalties. Pursuant to the 1990 Copyright Law, the rate of royalty shall be set by a copyright administrative authority.[69] Decisions that should have been left to the market remained subject to strong state intervention.

Along with the furtherance of economic reform, the market pedigree of copyright became clearer in the minds of academics and policy makers. A consensus that copyright should reflect its market roots was gradually reached. An important theme of the 2001 copyright law revision was to completely break away from the command economic past and ground Chinese copyright law in the soil of its market economic base. Under the guidance of such a conception, the 2001 revision virtually eliminated the state's power in setting the rate of royalties. According to the revised law, royalty rates shall be set by the parties through contract and statutory rates only come into the picture in the absence of any contractual agreement.[70] In contemporary China, the importance of the market has certainly become an indispensable part of copyright conception.

2. *Contemporary Chinese Copyright Conception: Internationalization*

Historically, copyright has been a territorial concept. Whether in China or the West, sovereign nations enjoy full discretion to decide whether and to what extent copyright shall be recognized and protected. And the validity of copyright protection is generally confined within the four corners of a particular jurisdiction. However, since the end of the nineteenth century, the territoriality of copyright has been continuously eroded. Driven by increased international trade and the enlarged proportion of intellectual content in international trade, copyright laws in different jurisdictions have been harmonized to various degrees by international treaties. This trend of internationalization culminated in 1995 with the implementation of the WTO Agreement on Trade Related Aspects of Intellectual Property (TRIPs), which imposed an obligation on members to ensure their copyright laws meet prescribed minimum substantive and procedural standards.

China is not immune from such global trends. As the connection between its economy and the global market swelled, the need to harmonize China's copyright law with international standards intensified. While external pressure from its major trading partners has been an important factor, "*yu guo ji jie gui*" (compliance with international standard) has early on been a conscious goal of Chinese copyright policy makers. Shortly after the enactment of the 1990 Copyright Law, China acceded to the Berne

[69] 1990 Copyright Law art. 27 (P.R.C.).
[70] *Id.* (as revised in 2001).

Convention as well as the Universal Copyright Convention.[71] Mindful of the discrepancy between the 1990 Copyright Law and the twin copyright treaties, the Chinese government issued a special act to guarantee full implementation of the treaties.[72] As a result of this act, foreign nationals enjoyed the so-called "super-national" treatment. Works of foreign nationals were subject to a higher level of protection offered by the international copyright treaties in China.[73]

The internationalization of Chinese copyright law was pushed to a new stage by China's accelerated drive to the WTO in the new millennium. One of the articulated goals of the 2001 copyright law revision was full compliance with the TRIPs Agreement in anticipation of WTO membership.[74] After the revision, the official conception of copyright completely converged with the TRIPs Agreement, which has long been accepted in China as the legitimate international standard. As a consequence, Chinese as well as foreign nationals enjoy the same elevated level of copyright protection. It is thus fair to conclude that internationalization is one of the defining characteristics of contemporary Chinese copyright discourse.

3. *Contemporary Chinese Copyright Conception: Modern Technology*

The evolution of the copyright concept in China also demonstrates a link between copyright and information reproduction and dissemination technology. While the invention and application of printing technology per se is not a sufficient factor in copyright development, it has been a necessary condition. In both imperial China and Europe, the prototype of copyright emerged only after the invention of printing technology. Since then, the horizon of copyright has been consistently expanded by the invention of new reproduction and dissemination technology. In the early days, the primary economic right of copyright holders was to prevent others from reprinting their works. With the invention of sound, video and broadcasting technology, the boundary of copyright has been extended into the space created by these new media technologies. The recent breakthrough in information technology further broadened the scope of copyright into the cyber world. To a certain extent, the contour of copyright is constantly shaped and reshaped by technological development.

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[71] China acceded to the Berne Convention and the Universal Copyright Convention on 15 October 1992 and 30 October 1992 respectively.

[72] *See* Regulations on the Implementation of International Copyright Treaties, promulgated on 25 September 1992 by the State Council.

[73] *See* Feng & Huang, *supra* note 65, at 919.

[74] *Id.* at 918.

When the 1990 Copyright Law was enacted, the presence of information technology in China was rather limited. Its diffusion in and impact on the Chinese society were unforeseeable. Consequently, the 1990 Copyright Law was not equipped to deal with the subsequent explosion of information technology in the late 1990s. The challenge imposed by the Internet prompted Chinese policy makers to reevaluate the role of technology in the copyright discourse. During the 2001 copyright law revision, keeping the copyright law abreast with the developments of modern technology was made a specific policy goal.[75] As a result, a new right of transmission through an information network (*wang luo xin xi chuan bo quan*) was created and added to copyright holder's bundle of rights.[76] Transmission of copyrighted materials through information networks, including but not limited to the Internet, was put under the exclusive control of copyright holders. A copyright structure was thus formally established in the nascent cyberspace. From the perspective of copyright policy makers, adapting to the ever-shifting modern technology is clearly a major component of contemporary copyright conception in China.

4. *Contemporary Chinese Copyright Discourse: Right-based Conception*

China had been a duty-based society throughout its lengthy imperial history.[77] Rules of conduct were defined in terms of one's duty rather than right. The weak right consciousness in traditional duty-based societies is at least part of the reason why indigenous copyright discourse never achieved any prominence. To a certain extent, the modern copyright concept is based on the notion of a universal (not necessarily absolute) right. While copyright originated from privileged monopolies granted by feudal states, it was not fully established until its focus shifted from the state's control of information dissemination to the printer's economic interests and from the printer's economic interests to author's rights.[78] In England, the Statute of Anne was regarded as the first modern copyright law largely due to its ground- breaking pronouncement of authors' property rights in their works. And on the European Continent, copyright in the minds of its framers was widely perceived as the natural rights of authors. The fact that

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[75] *Id.* at 920.

[76] 1990 Copyright Law art. 10, § 12 (P.R.C.) (as revised in 2001).

[77] *See* Zhengmao Ni, *Zhong Xi Fang Fa Lu Wen Hua Chuan Tong Bi Jiao Yu Xian Zheng Fa Zhan Zhi Da Qu Shi* [*A Comparison of Traditional Legal Cultures in China and the West and the General Trend of Constitutionalism*], 1 SHANGHAI SOC. SCI. ACAD. Q. 65 (1997).

[78] *See* PING JIANG, ANALYSIS OF THE COPYRIGHT LAW OF THE PEOPLE' S REPUBLIC OF CHINA 35 (1991).

modern copyright is a stream of the broader right discourse is rarely challenged.

Since the economic reform in 1978, China has been engaged in an ongoing process of law-making and institution building. There has been an increasingly comprehensive tendency toward a right-based social order revolving around the rule of law. Over the years, authors' interests in relation to their works have been gradually defined, perfected and strengthened in terms of legal rights. The bulk of the 2001 copyright law revision relates to the redefinition and expansion of author's rights, particularly their economic rights.[79] The furtherance of the rights discourse in China not only provides a foundation for the assimilation of the Western copyright concept but also is itself a central pillar of contemporary Chinese copyright conception.

5. *Contemporary Chinese Copyright Discourse: Balance of Competing Social Interests*

While copyright is conceptualized as a form of individual right, it is in no sense an absolute right. Nor has it ever been treated the same as property rights on tangible things by the laws of any jurisdiction. By nature, literary and artistic works are "public goods." Their creation draws from the common pool of human knowledge and their public use will not deprive their use by their creators. Each society has a fundamental interest in the availability and dissemination of literary and artistic works. From a certain perspective, modern copyright discourse reflects a balance between a society's need to encourage creation by granting copyright to authors and its need to ensure wide dissemination and follow-on creation by limiting the duration and applicability of copyright. Even in the United States, the world's strongest copyright proponent, copyright is formally regarded as a temporary compromise to achieve continued social progress. According to the famous "progress clause" which is the root of the U.S. copyright regime, "Congress has the power to promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries."[80] Despite distinctive perceptions on the nature of copyright in academia and among the populace, balancing the competing interests of authors and society has been the core of the formal copyright discourse.

The balancing approach has been a guiding principle for Chinese copyright policy makers from the start. The difficulty lies in what kind of balance is commensurate to the developmental stage of contemporary Chinese society. Under the influence of the socialist command tradition,

[79] For a detailed discussion, see Feng & Huang, *supra* note 65, at 922-26.
[80] U.S. CONST. art. I, § 8, cl.8.

the scale of the 1990 Copyright Law tilted toward the interest of the state, the society and the public. Intense debates surrounding the famous Article 43 of the 1990 Copyright Law during the 2001 copyright law revision is an example of this point.[81] Pursuant to Article 43 of the 1990 Copyright Law, radio and television stations may broadcast, for non-commercial purposes, published sound recordings without either the permission of copyright holders or the obligation to reimburse the same. Even though such "statutory free use" furthered the interest of the state and the public, it did so at the total expense of copyright holders. After some serious debates, the 2001 copyright revision found a new balance. The "statutory free use" scheme was replaced by a new "statutory licensing" scheme. While radio and television stations may still broadcast copyrighted sound recordings without permission, they must pay just compensation to copyright holders.[82] As a general trend, the 2001 copyright law revision significantly reduced the scope of "fair use," "statutory license" and "statutory free use" in favor of copyright holders.[83] Such increased restriction on public use signals a new reading of the point of balance in the enhanced market environment. Whether consciously applied or not, balancing competing social interests is an entrenched aspect of contemporary Chinese copyright discourse.

VI. CONCLUSION

The historical review of copyright conception in China reveals that the copyright discourse cannot outgrow its social, cultural, technological and economic contexts. In ancient China, while the thriving of private authorship awakened author's moral right consciousness and the breakthrough of printing technology ignited property consciousness on literary works, indigenous copyright protection in response to these early right consciousnesses were stifled by various political, economic and cultural constraints embedded in traditional Chinese societies. The paternal feudal control of information dissemination, the underdevelopment of a commodity economy and some aspects of the Confucian values and legal culture all contributed to the slow evolution of a copyright concept in imperial China. The transplantation of modern copyright laws in the late Qing Dynasty and the Republican era also failed to establish a prolonged copyright discourse in China due to the lack of a stabilized social, political and economic platform. The demise of the copyright discourse in the early

[81] For an in-depth discussion of the Article 43 amendment, see Feng & Huang, *supra* note 65, at 934-35.

[82] 1990 Copyright Law art. 43 (P.R.C.) (as revised in 2001).

[83] For a comprehensive review of the 2001 copyright law revision concerning limitations on copyright, see Feng & Huang, *supra* note 65, at 931-35.

PRC is a direct consequence of its distinctive ideology on public ownership and central planning economic system.

Since the economic reform in 1978, along with the liberalization of thought, the formation of a socialist market economy, the modernization of governance toward the rule of law, the integration of Chinese economy into the global market and the advancement of technology, a modern copyright regime in conformity with market paradigms, international standards, technological development and shifting social values has been constructed over a short span of two decades. Despite the fact that copyright protection in China remains problematic in practice, the young copyright regime represents the gist of official discourse which is firmly grounded on commensurate economic, technological and social foundations. Therefore, it is not too optimistic to predict that the elite contemporary copyright discourse will eventually trickle down among the Chinese populace over time. If old contexts doomed the failure of the copyright course in the past, the new contexts will guarantee the success of it in the future.

HOW COME WE ARE NOT COVERED? UNDERSTANDING THE RULES REGARDING ASSIGNMENT OF COPYRIGHTS AND RELATED RIGHTS IN BRAZIL BEFORE MAKING THE DEAL

by ATTILIO GORINI *and* RODRIGO BORGES CARNEIRO*

1. INTRODUCTION

Maybe one of the grayest areas that the scholars and practitioners in the copyright area find on an almost daily basis is the assignment of such rights. In the United States, the transfer of ownership may occur in whole or in part and any of the exclusive rights granted by § 106 of the 1976 Copyright Act may be included in such grant.[1]

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[1] Section 106 of the 1976 Copyright Act (17 U.S.C. §§ 101–803) enumerates the exclusive rights the owner of the copyright as follows: (1) the right to reproduce the copyrighted work in copies or phonorecords; (2) the right to prepare derivative works based upon the copyrighted work; (3) the right to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending; (4) in the case of literary, musical, dramatic and choreographic works, pantomimes, and motion pictures and other audiovisual works, the right to perform the copyrighted work publicly; (5) in the case of literary, musical, dramatic and choreographic works, pantomimes, and pictorial, graphic or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly; and (6) in the case of

The considerably straightforward provisions related to transfer of copyright in the United States gives a fairly wrong impression of the complexity involved in such transfers and the level of expertise the law practitioner must have in order to draft a document that will shield his/her client from future claims.[2] That expertise, of course, increases considerably when the practitioner deals with agreements involving foreign parties.

However, there is still a third level of complexity that must not be forgotten: agreements involving a company or individual with domicile in a civil law country.[3] The distinct rules of protection to copyright and related rights in civil law countries demand knowledge, by a common law country practitioner, of radically different laws and specially of limitations which may make the otherwise smooth and standard procedure of assignment of rights become an actual nightmare.

This article will try to call the attention of its readers to the various issues involving assignment of rights in civil law countries. However, the method chosen for this article is to focus on one of the most problematic civil law countries in the world when assignment of copyrights and related rights are concerned: the Federative Republic of Brazil. There is no intention to write a treatise exhausting the several different intricacies of several different civil law countries. The focus on one country is aimed at allowing more space for in-depth analysis that can also be used when dealing with other civil law countries.

Also, the objective was to write something that could actually be used by several common law country practitioners as a guide to the problems that may be faced in civil law countries, especially Brazil. Therefore, a "hands-on" approach to the article was chosen, with several tips and walk-throughs based on actual negotiations and court actions in Brazil.

By utilizing Brazil as the paradigm, this article will show, in section II, what are the mechanics of protection of copyrights and related rights in civil law countries. The mechanics of the Copyright Act of the United

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sound recordings, to perform the copyrighted work publicly by means of a digital audio transmission. It is not the objective of this work, however, in view of its limited scope, to deal with detailed explanations as to the intricacies appurtenant to each of the mentioned rights. However, of course, it is at least important to demonstrate that the assignment of rights can encompass the transfer of one, two or all of the above rights and, even in cases of assignment of one of the rights, the transfer can be further limited in time, space and manner, as will be seen more thoroughly in section III below.

[2] For more on this aspect, see generally MARSHALL LEAFFER, UNDERSTANDING COPYRIGHT LAW (3d ed. 1999).

[3] The civil law countries have a system based on positive law whereby the legislation enacted by the Congress is the basis for the court decisions. Usually, court decisions do not have binding power, which makes changes in interpretation harder in such countries.

States will be mentioned when appropriate in order to either contrast the systems or show their similarities. This section will also provide an overview of the division of copyright into economic and moral rights and an introductory view of the rights related to copyright or, in other words, the neighboring rights of artists and performers.

Section III will be dedicated to the pitfalls of the civil law system in relation to the assignment of the economic rights of the authors, while section IV will delve into the delicate realm of moral rights and the extreme protection afforded to such rights.

Also of importance is to deal with the peculiar situation of neighboring rights since they also directly affect the entertainment industry as a whole. Thus, in section V, the article will discuss, with actual examples, what is happening in Brazil — or, better yet, what is not happening — with the assignment of neighboring rights.

The conclusion will show that, with all the hindrances and limitations to the assignment and even the mere license of such rights, with over paternalistic laws, Brazil is a country where the assignment of rights must be viewed carefully. Once the problems are actually understood, the negotiations, however, become much simpler and alternatives can more easily be found. There are different cultures behind the copyright protection in civil law countries and the respect of such cultures will allow deals to be closed more effectively and, consequently, more economically.

II. THE PROTECTION OF COPYRIGHTS AND NEIGHBORING RIGHTS IN CIVIL LAW COUNTRIES

A. Introduction

The history and development of copyright is not the objective of this article but it would be a very hard task to comment on the various intricacies related to the assignment of such rights without first defining them according to the rules of most civil law countries. At the same time, it is certainly necessary to point out the existence of neighboring rights which protection helps divulge and also create, in certain circumstances, an intellectual work.[4]

The approach of the common law countries to copyright is one that aims mainly at the economic consequences of the creation of a work. The

[4] CARLOS ALBERTO BITTAR, DIREITO DE AUTOR 152 (4th ed. 2003). Professor Bittar, whose death in 1997 created a huge vacuum in the copyright academic area in Brazil, has his work updated by his son, Professor Eduardo C. B. Bittar. The cited book, although very simple and objective, is one of the most-cited works related to copyright in Brazil, in view of its thoroughness and constant updates it received and continues to receive. It is safe to say that Professor Bittar was one of the leading Brazilian authorities in the copyright area.

1976 Copyright Act of the United States stems from a purely economic axiom: that people will obtain direct and indirect benefits if the creation of works of authors is fostered by the grant of a monopoly on such rights.[5] The Act derives from a constitutional mandate that empowers the Congress to issue legislation regarding copyrights and patents and it is clear that the objective is solely to promote the progress of science and of the useful arts.[6]

Based on this, the adoption of the English term "copyright" could not be clearer to identify the purpose of the protection. The right that is granted is substantially the right to copy or, in other words, the right to reproduce and explore, to the maximum extent, the work created. Of course, it is without doubt that, based on the exclusive rights granted to the owner of a copyright by § 106 of the 1976 Copyright Act,[7] the protection afforded nowadays, even in common law countries like the United States, is no longer limited to the right to copy. However, the principle remains with a clear strong resistance of such countries in adopting broader scopes of protection.

On the other side of the spectrum, there are the civil law countries. The protection afforded by the copyright legislation in such countries is certainly much wider than the protection of the common law countries and the understanding of such differences is extremely important to this article.

First, it is safe to say that each work is a creation of the human spirit, and regardless of the purpose of the work, it reflects, to some extent, the personality of its author. Creator and creature are forever connected by some common trait that can be traced back to the personality of the author.[8]

No work is created without the imprinting of some personal characteristic of the author, not even commissioned works and this is the basis for the dichotomy originated in Europe with the French and particularly

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[5] LEAFFER, *supra* note 2, at 360.

[6] The United States Constitution, article I, section 8, clause 8, reads: "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." It is clear that the focus in the so-called Patent and Copyright Clause is purely economical, even though little is known about the actual intention of the Framers regarding this clause.

[7] *See* note 1 *supra*.

[8] According to Professor Bittar, the moral rights are "perennial links that unite the creator to his work." He continues by declaring that, "since the work is an emanation of the personality of the author — in which he embeds, therefore, his own intellectual abilities — these rights constitute the crowning, in the legal order, of the protection of the most intimate components of the psychic structure of its creator." BITTAR, *supra* note 4, at 47.

with the Germans, regarding the division of the rights of the authors into economic and moral rights.[9] Such dichotomy has been widely adopted by several European countries as well as Latin American countries, including Brazil and it is without doubt that, in this aspect, the protection afforded is significantly larger than the protection afforded by, for example, the legislation of the United States.

However, this wider scope of protection is the genesis of several practical problems, as will be seen more fully in Part III. For now, it is necessary to extend this chapter in order to better define the rights mentioned above, as well as the neighboring rights.

B. Economic Rights

As commented above, the careful analysis of the term "copyright" immediately reveals the main characteristic of such right: the right to copy. In other words, what is protected is the economic exploitation of the works created by the individuals or companies.

The same happens in civil law countries where "copyright" has slightly different names: *droit d'auter* in France, *Urheberrecht* in Germany, *derecho de autor* in Spain and *direito de autor* or *direito autoral* in Portugal and Brazil.[10] These names can all be translated as "rights of the authors" and it is widely recognized that, among such rights, there is certainly the right to obtain all possible economic advantages within a defined period of time, which is usually life of the author plus at least fifty years, as determined by the Berne Convention.[11]

The economic rights — or patrimonial rights as they are sometimes called[12] — refer to the economic uses of a work by all possible technical means. It derives that, in order for any such use to be made by a third party, it is necessary that the author or the owner of the right authorize such use.

It is also important to point out, as it is clear from § 106 of the 1976 Copyright Act,[13] that the rights are divisible or, in other words, independent from each other. This is also true under the view of the civil law countries. An assignment of the reproduction rights can be granted to one

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[9] For an extraordinary account of the historical origins of copyright and of the rights of the authors, see SAM RICKETSON, THE BERNE CONVENTION FOR THE PROTECTION OF LITERARY AND ARTISTIC WORKS: 1886–1986 (1987).

[10] The Brazilian Copyright Law 9610/98 specifies in section 1 that the term *direitos autorais* encompasses both the author rights (*direitos de autor*) and the neighboring rights (*direitos conexos*).

[11] Convention concerning the creation of an International Union for the Protection of Literary and Artistic Works (Sept. 9, 1886) (revised in 1908, 1928, 1948, 1967 and 1971).

[12] *See* BITTAR, *supra* note 4, at 49.

[13] *See* note 1 *supra*.

party and an assignment of the right to prepare derivative works can be granted to a totally unrelated party.

The Brazilian law does not enumerate the exclusive economic rights as does the United States legislation. As it is common in Brazil, general and, thus, broad terms were used to describe the rights an author has once his work is created.

Law no. 9,610, enacted on February 19, 1998 (Brazilian Copyright Act or BCA), affirms, rather laconically, that the author has the right to use, derive economic benefits and dispose of his works.[14] This broad language is then punctuated by several exceptions in subsequent sections but the idea remains that every use must be authorized by the author or the owner of the copyright.[15]

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[14] Section 28 of the Brazilian Copyright Act reads as follows: "The author has the exclusive right to use his literary, artistic or scientific work, to derive benefit from it and to dispose of it." — Translation into English by the World Trade Organization — WTO. The same source of translation into English will be used throughout the text unless otherwise noted.

[15] The most significant set of limitations to the exclusive rights of the authors/owners of copyright in the Brazilian Copyright Act is set forth in section 46 which deals with what sometimes is referred to as "fair use" provisions. However, as the reproduction of section 46 below will show, any attempt of actually comparing the fair use provisions of the United States Copyright Act and the ones in the Brazilian Copyright Act will prove to be fruitless since the Brazilian law is based on specific circumstances where the author cannot prevent the unauthorized use of his work. There is not much space for interpretation and the provisions are sometimes very harsh in that, for example, private copying is limited to sections of the work, not its entirety. Section 46 reads as follows (translation into English by the WTO):

Section 46. The following shall not constitute violation of copyright:

I. the reproduction:

(a) in the daily or periodical press of news or informative articles, from newspapers or magazines, with a mention of the name of the author, if they are signed, and of the publications from which they have been taken;

(b) in newspapers or magazines of speeches given at public meetings of any kind;

(c) of portraits or other forms of representation of a likeness, produced on commission, where the reproduction is done by the owner of the commissioned subject matter and the person represented or his heirs have no objection to it;

(d) of literary, artistic or scientific works for the exclusive use of the visually handicapped, provided that the reproduction is done without gainful intent, either in Braille or by means of another process using a medium designed for such users.

II. the reproduction in one copy of short extracts from a work for the private use of the copier, provided that it is done by him without gainful intent;

These economic rights encompass the rights granted under § 106 of the United States Copyright Act[16] but, differently from the American law, the exclusive rights are not limited to the ones enumerated in the mentioned section. The Brazilian legislators chose to include in the law a very comprehensive list of examples of economic rights that are exclusively owned by the author, including the reproduction, adaptation, translation and distribution rights.[17] In fact, the BCA, after listing a number of exam-

III. the quotation in books, newspapers, magazines or any other medium of communication of passages from a work for the purposes of study, criticism or debate, to the extent justified by the purpose, provided that the author is named and the source of the quotation is given;

IV. notes taken in the course of lessons given in teaching establishments by the persons for whom they are intended, provided that their complete or partial publication is prohibited without the express prior authorization of the person who gave the lessons;

V. the use of literary, artistic or scientific works, phonograms and radio and television broadcasts in commercial establishments for the sole purpose of demonstration to customers, provided that the said establishments market the materials or equipment that make such use possible;

VI. stage and musical performance, where carried out in the family circle or for exclusively teaching purposes in educational establishments and where devoid of any profit-making purpose;

VII. the use of literary, artistic or scientific works to proof in judicial or administrative proceedings;

VIII. the reproduction in any work of short extracts from existing works, regardless of their nature, or of the whole work in the case of a work of three-dimensional art, on condition that the reproduction is not itself the main subject matter of the new work and does not jeopardize the normal exploitation of the work reproduced or unjustifiably prejudice the author's legitimate interests.

16 *See* note 1 *supra*.

17 Section 29 of the Brazilian Copyright Act contains such a comprehensive list that also includes the right to incorporate the work in databases and the direct or indirect use of the work. The section reads as follows (translation into English by the WTO):

Section 29. The express prior authorization of the author of a literary, artistic or scientific work shall be required for any kind of use, such as:

I. complete or partial reproduction;

II. publication;

III. adaptation, setting to music or any other transformation;

IV. translation into any language;

V. incorporation in a phonogram or in an audiovisual production;

VI. distribution where it is not provided for in a contract signed by the author with third parties for the use or exploitation of the work;

VII. distribution for the purpose of offering works or productions by cable, optic fiber, satellite, electromagnetic waves or any other system enabling the user to select a work or production and receive it

ples of economic rights, specifically determines in item X of section 29 that the express prior authorization of the author of a literary, artistic or scientific work shall be required for any other form of use that exists at present or might be devised in the future. Therefore, all forms of economic use are reserved unless expressly exempt by the Brazilian Copyright Act.

However, the economic rights commented on in this subsection are not the only rights that are granted to the creator of a work. These rights arise simultaneously with the moral rights of the author, which will be commented on briefly in the following subsection.

C. *Moral Rights*

In the United States, the only federal statute dealing, in some way, with the moral rights of the authors is the Visual Artists Rights Act (VARA),[18] which amended the 1976 Copyright Act. The VARA grants certain limited moral rights (right of attribution, right to prevent modifica-

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at the time and place of his choice, provided that the access to the works or production is made through any system requiring payment on the part of the user;

VIII. the direct or indirect use of the literary, artistic or scientific work in one of the following forms:
- (a) performance, recitation or declamation;
- (b) musical performance;
- (c) use of loudspeakers or comparable systems;
- (d) radio or television broadcasting;
- (e) reception of a radio broadcast in places frequented by the public;
- (f) provision of background music;
- (g) audiovisual, cinematographic or equivalent presentation;
- (h) use of man-made satellites;
- (i) use of optical systems, telephone or other lines, cables of all kinds and such comparable means of communication as may be devised in the future;
- (j) exhibition of works of three-dimensional and figurative art;

IX. incorporation in databases, storage in a computer, microfilming and any other means of archiving of that kind;

X. any other form of use that exists at present or might be devised in the future.

[18] Pub. L. No. 101-650, 104 Stat. 5128 (1990).

tions and the right to prevent destruction[19] to a certain specific category of works (visual works)).[20]

The VARA was enacted in view of the United States' accession to the Berne Convention,[21] which occurred in 1988, effective as of March 1, 1989.[22] The Berne Convention provides for the protection of moral rights in all categories of works so that the enactment of VARA falls short of making the United States compliant with the Convention.[23]

The mere analysis of the nomenclature *droit d'auteur* or rights of the authors conveys the idea that the aim of the protection in the civil law countries is the author himself, not the work and its economic usages. It is clear that the intention of the creators of the expression moral rights[24] was to provide protection to the concrete expression of the minds of the au-

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[19] Section 106A of the United States Copyright Act reads, in part, as follows:

(a)(1) [the author of a visual art] shall have the right
(A) to claim authorship of that work, and
(B) to prevent the use of his or her name as the author of any work of visual art which he or she did not create;
(2) shall have the right to prevent the use of his or her name as the author of the work of visual art in the event of a distortion, mutilation, or other modification of the work which would be prejudicial to his or her honor or reputation . . . .
(3)(B) [the author of a visual art shall have the right] to prevent any destruction of a work of recognized stature . . . .

[20] 17 U.S.C. § 106A (2000).

Section 101 of the U.S. Copyright Act defines works of visual art as:

(1) a painting, drawing, print or sculpture, existing in a single copy, in a limited edition of 200 copies, or fewer that are signed and consecutively numbered by the author, or, in the case of a sculpture, in multiple cast, carved or fabricated sculptures of 200 or fewer that are consecutively numbered by the author and bear the signature or other identifying mark of the author; or
(2) a still photographic image produced for exhibition purposes only existing in a single copy that is signed by the author, or in a limited edition of 200 copies or fewer that are signed and consecutively numbered by the author.

17 U.S.C. § 101 (2000).

[21] *See* note 11 *supra*.

[22] The United States Senate voted in favor of the accession of the country to the Berne Convention on October 20, 1988. 134 Cong. Rec. S16,939 (daily ed. Oct. 20, 1988).

[23] For a development of this idea, see Attilio Gorini, Moral Rights: Brief Comments on the Extent of Protection Afforded by the United States (2003) (paper presented as part of the Art and Museum Law Seminar at Southwestern University School of Law, Los Angeles, California).

[24] Apparently, the first time the expression moral rights was used was in the work *De la personnalite du droit de publication que appartient a un auteur vivant* by Morrillot in *Revue Critique de Legislation et de Jurisprudence* 29-50 (1873).

thors and not merely to the exploitation rights derived from creation. The view was certainly more romantic and less practical and the consequences of such broadening of the protection will be seen more clearly in the following sections.

Moral rights, as commented on in the introduction of this section, are rights that are born with the creation of the work and correspond to the imprinting of the author's personality traits in his creation. The most important of the moral rights are the right of attribution and the right of integrity. These are the two rights granted by the Berne Convention and, therefore, are the ones that are adopted by all civil law countries and, with reluctance, by the common law countries signatories of the treaty.[25]

These two moral rights, albeit very important, are but two of the several rights granted by most of the civil law countries. The Brazilian legislation has one of the most comprehensive lists of moral rights that must be observed and brief comments on each of them must be made in order to allow the readers to have a clear view of the somewhat severe limitations an assignment may have.[26]

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[25] Article 6*bis* of the Berne Convention:

> Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honour or reputation.
>
> The rights granted to the author in accordance with the preceding paragraph shall, after his death, be maintained, at least until the expiry of the economic rights, and shall be exercisable by the persons or institutions authorized by the legislation of the country where protection is claimed. However, those countries whose legislation, at the moment of their ratification of or accession to this Act, does not provide for the protection after the death of the author of all the rights set out in the preceding paragraph may provide that some of these rights may, after his death, cease to be maintained.
>
> 1. The means of redress for safeguarding the rights granted by this Article shall be governed by the legislation of the country where protection is claimed.

[26] The importance given by the Brazilian legislators to the moral rights of the authors can be blatantly gathered from the fact that these rights are enumerated before the economic rights, in section 24. Some authors, like Bruno Jorge Hammes, consider the existence of other moral rights beyond the list of section 24 such as the right of remuneration for the resale of original work of art or manuscript (*droit de suite*), the right to make corrections to new editions of works and the right to deny the paternity of a modified architectural project. However, it is clear that some rights are very dangerous for the assignee of the economic rights, such as the right to modify the work after it has been used and the right to withdraw the work from circulation. The section reads as follows:

> Section 24 The moral rights of the author are understood to be the right:

The first and most important of the moral rights is the right to claim authorship and, as its name clearly shows, it refers to the right of the author to have his name attached to his work. Of course, not only birth names are included in such right but also any conventional name or pseudonym or even symbols and marks through which the author is recognized or wants to be recognized.

This right also allows the author to prevent his work from being attributed to someone else and further prevents a third party from using the author's name in a work not created by the author.

It does not matter if the name of the author is used in connection with high quality works. The only factor that must be weighed is whether the author feels that he does not want his name connected with a third party's work.

The second moral right is the right of integrity and it refers to the right of preventing any unauthorized modifications in the work that may cause harm to the reputation of the author. In the United States, this right was recognized for a certain category of works — works of visual art[27] — in the above mentioned VARA.[28] As a matter of fact, in the United States, the rights granted to the authors of such works of visual art[29] also encompass the ultimate right — to prevent the destruction of the work[30] which is usually not clearly foreseen in civil law countries.

However, the general rule regarding the right of integrity is that any modifications made without the author's authorization should be foreseen

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I. to claim authorship of the work at any time;
II. to cause his name, pseudonym or conventional sign to appear or be announced as that of the author when the work is used;
III. to keep the work unpublished;
IV. to ensure the integrity of the work, by objecting to whatsoever modifications or to any action that may, in any way, to have an adverse effect on the work or to be prejudicial to his reputation or honor as author;
V. to amend the work either before or after it has been used;
VI. to withdraw the work from circulation or to suspend any kind of use that has already been authorized where the circulation or the use of the work are liable to have an adverse effect on the reputation or image of the author;
VII. to have access to the sole or a rare copy of the work that is lawfully in a third party's possession with a view to preserving the memory thereof by means of a photographic or similar or an audiovisual process, in such a way that the least possible inconvenience is caused to its possessor who shall in any event be indemnified for any damage or prejudice suffered.

27 *See* note 20 *supra*.
28 *See* notes 18 and 19 *supra*.
29 *See* note 20 *supra*.
30 *See* note 19 *supra*.

and, if the word "modifications" is understood in its broadest possible sense, "destruction," which is the ultimate modification, would also be encompassed. However, as Professor Ascensao correctly puts, the destruction of a work, most of the times, will not damage the reputation of the author since the work will cease to exist. The modification only, however, means that the work will continue to exist for anyone to see and this could, then, damage the reputation of the author. In his view, there is no such right of destruction under the Brazilian law.[31]

The right of disclosure is simply the right the author has to keep his work unpublished or, in other words, not normally available to the public. Of course, the exercise of such right seems to be incompatible with the objective of furthering the arts and sciences but the author should be allowed to choose the conditions — time, place and manner — upon which the disclosure of his work will happen.

The right of modifying the work even after it has been published is another moral right granted to authors in civil law countries, especially Brazil. At a first glance, this right might seem excessive but its enforcement is usually restricted to further editions of the work[32] and will almost always be contractually limited.[33]

The right to withdraw the work from circulation or to suspend its use is self-explanatory but also extremely controversial. The author will only be allowed to enforce such right when the circulation or use may damage his reputation[34] but it is clear that such circulation or use has only happened because he authorized it. Therefore, there must be a balance whereby the author will be able to enforce such right in case the use of his work happens in a way that has not been contractually foreseen and, even so, the remedies should be limited to indemnification and not actual withdrawal of the work from the marketplace.[35]

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[31] JOSE DE OLIVEIRA ASCENSAO, DIREITO AUTORAL 146-47 (2d ed. 1997). Professor Ascensão, despite being Portuguese, is one of the leading authorities in the Brazilian Copyright Law. His treatise on copyright, unfortunately, only deals with the now revoked Copyright Act of 1973, but in this specific aspect, the law has not changed with the introduction of the Copyright Act of 1998.

[32] *Id.* at 148.

[33] *Id.*

[34] *See* note 26 *supra*.

[35] *See* ASCENSAO, *supra* note 31, at 135. Professor Ascensão believes that, "in all cases, there is a clash between the exteriorization of the personality of the author and the legitimate exercise of economic rights by third parties, as a consequence of an authorized and legal assignment. The withdrawal imposed by the author, because he regrets what he did, can cause severe damages to the third party in that the entire edition in the market would be affected."

Finally, the right of access refers to the right granted to the author to have access to the original of his work, in case it is the sole or rare copy, even if it is in the possession of a third party. This access, because of the implications it may have, is very limited by section 24 of the Brazilian Copyright Act,[36] and it is only possible for purposes of maintenance of the memory of the work or, in other words, for the conservation of the portfolio of the author.

Perhaps of most relevance to this article is the fact that, under the Brazilian law and that of many other civil law countries, the moral rights are inalienable and cannot be waived by any means.[37] The consequences of such prohibition will be studied in more detail in section IV below.

D. Neighboring Rights

The neighboring rights are rights granted to certain categories of professionals that help in the exteriorization of the original work of an author.[38] Therefore, they are rights always "related" to the rights of the authors.

In order to better illustrate these rights, which are foreign to the American copyright system, the playwright is the creator of a play but the performers of such play on the stage are, in principle, the owners of the neighboring rights. The same happens between the composer of a musical composition and its interpreter.

The Chilean jurist Santiago L. Savala, by his turn, asserts that the related rights "are defined as similar rights to the author's rights, but are independent from them."[39]

The owner of neighboring rights, according to the Brazilian law[40] enjoys the same kind of protection as the author or owner of copyrights. They have their economic and moral rights, including the right to have their name affixed to the interpretation or execution.

However, the neighboring rights were not always recognized under the Brazilian legislation. The first body of law that gave specific protection to authors in Brazil was the Civil Code of 1917,[41] in its sections 649 to 673. However, no express mention was made as to the protection of the

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[36] *See* note 26 *supra*.

[37] Section 27 of the Brazilian Copyright Act reads: "The moral rights of the author are inalienable and non-waivable."

[38] *See* BITTAR, *supra* note 4, at 152.

[39] SANTIAGO L. SAVALA, DERECHO DE AUTOR Y PROPIEDAD INDUSTRIAL 31-32 (1979).

[40] Section 89 of the Brazilian Copyright Act of 1998 reads as follows: The provisions related to copyright are applicable, whenever possible, to the neighboring rights.

[41] Law no. 3,071 of January 1, 1916. This Civil Code has been recently revoked by Law 10,406 of January 10, 2002.

neighboring rights. Until 1966, when a specific legislation contemplating such rights was enacted, the protection of neighboring rights had to be gathered from sparse sections in the Civil Code, which could be interpreted as applicable to service contracts at least.[42] The conclusion is that, in this period, any such right would fall under the concept of a service agreement, whereby the artist would be paid to perform a specific work. No written form of agreement was required; the mere payment of the amount owed and the performance of the work would be enough to characterize the existence of an agreement. Once finished, the work would be owned by the contractor, not the artist as an implied assignment.

With the enactment of Law no. 4,944 of 1966, now also revoked, which added provisions to the then in force Civil Code, some protection to the artists was granted. The law defined an actor, telecaster, narrator, singer, choreographer, ballet dancer, musician or any other person who interprets or executes a literary, artistic or scientific work as an artist. According to this law, the artist could prevent any unauthorized use of his work. No written form of agreement was requested and the assignment of rights was not forbidden; therefore, it was actually allowed.

In 1973, with the enactment of the first Brazilian Copyright Act — Law no. 5,988 of 1973 — for the first time, copyright was treated in a separate legislation, which revoked the Civil Code of 1917 in this part and embodied Law 4,944/66. The Copyright Act, for the first time, mentioned the expression "neighboring rights" and basically maintained the provisions of Law 4,944/66, thus protecting the artists but allowing the assignment of rights. However, the Act required that any assignment be made in written form. Service contracts were foreseen in the law and, in the absence of an agreement, the work was regarded as being co-owned by the contractor and the performer/artist.

After 1978, with the enactment of Law no. 6,533 of 1978, which regulates the profession of the artists, the situation of the assignment of the neighboring rights became very murky as will be seen more fully in section V below.

III. THE PROBLEMS WITH THE ASSIGNMENT OF THE ECONOMIC RIGHTS AND AN OVERVIEW OF THEIR POSSIBLE SOLUTIONS

A. Introduction

The assignment of the economic rights of the authors is not the object of a huge controversy when there is a written agreement in this respect. The laws of the civil law countries, including Brazil, tend to patronize the

[42] Similar to but not identical to the concept of work made for hire of the U.S. law.

party that is commonly the weakest one in the negotiation so that several steps must be taken by the assignee in order to avoid the nullification of the agreement or of part of the agreement in court.

The main hurdle, especially with American companies, is the tendency to use the same kind of language used in agreements executed in the United States. This is usually a problem when the document is not carefully reviewed so as to adapt it to the specific civil law country legislation and requirements.

Another important aspect that must be taken into consideration, and this is very peculiar to the Brazilian legislation, is that the law, as it stands now, does not foresee any possibility of works made for hire in that ownership would be presumed to be in the hiring party. This is a severe flaw in the current Copyright Act, which must be corrected by legislative efforts of the Congress since the prior Copyright Act had such provisions, and the current Software Law[43] and Industrial Property Law[44] have such provisions.

Also, it is very important to bear in mind that all transactions related to copyrights and neighboring rights must be interpreted restrictively, always aiming to favor the individual author of the work. This is the rule of section 4 of the Copyright Act of 1998.[45]

This matter will be introduced by means of an actual case that is being litigated at this very moment in Brazil. As it will be seen, the case is representative of the sort of problems that may be found by the assignees, when proper documents are not signed by the assignor of the economic rights of the authors.

B. The Problems and the Possible Solutions

One of the most acclaimed movie trilogies of the very recent past is certainly *The Lord of the Rings*. These three movies, released yearly beginning in the year 2001, were based on the immortal literary work of the same name by the British linguist and scholar J.R.R. Tolkien.

Much before the movies, the books — the trilogy and a fourth one called *The Hobbit*, which is actually a prequel — became the object of adoration of millions of fans throughout the world. Much of the success of the books was due to the fact that Tolkien was able to create a very compelling world — called Middle Earth — with its own languages, culture

[43] Law no. 9,609/98 foresees the creation of software under work relationship or under commission. The comments in this article are not applicable, of course, to the creation of software which, albeit protected by copyright, are dealt with by a different and, in many aspects, more efficient law.

[44] Law 9,279/96 foresees the creation of inventions by employees and the subsequent ownership of the patent.

[45] Art. 4. Legal acts relating to copyright shall be interpreted restrictively.

and past. Because of the many details infused into the text, translation of the book to other languages for publication was always a challenge.

In Brazil, the situation was no different. The Brazilian book publisher Livraria Martins Fontes hired two translators to begin the difficult work of translating the books into the Brazilian Portuguese language. These translators finished the work, were paid according to their agreement and the books were published.

With the beginning of the pre-production of the Hollywood motion pictures, Livraria Martins Fontes decided to release multiple different editions of the books — hardcover, deluxe hardcover, four-pack paperback etc. — aiming at taking advantage of the soon-to-be live action films. After the publication of these new editions, the translators filed a court action against Livraria Martins Fontes to obtain further payments based on the new editions.

The first basis for the court action was the lack of any written agreement between the publisher and the translators. The second basis was a specific provision of the Copyright Act of 1998 which established that, in the absence of a specific provision in the contract, the publishing agreement would be limited to one edition.[46]

Based on this, the court ruled, in a first instance decision, that the publisher must pay damages to the translators in an amount equal to 5% of the retail price of each unit of each edition subsequent to the first one.[47] Even though no figures are available at this point, since the decision is not final and has been appealed, it is easy to imagine that a respectable amount of money is involved in this specific situation.

This case illustrates the dangers of agreeing to an assignment verbally, without any document at least confirming what has been agreed. The assignment of rights is foreseen in sections 49 and 50 of the Brazilian Copyright Act of 1998[48] and careful analysis of each requirement is necessary.

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[46] Section 56 of the Brazilian Copyright Act of 1988: In the absence of an explicit provision in the contract, it is understood that the agreement refers only to one edition of the work.

[47] Decision on Civil Action n° 000.02.196409-2, filed by Lenita Maria Rimoli Esteves and Almiro Pisetta against Livraria Martins Fontes Editora Ltda. before the 37th Civil Court of the State of São Paulo, issued on March 18, 2004, pending appeal.

[48] Section 49 – The copyrights may be totally or partially transferred to third parties by the author or his successors, for all purposes, personally or by means of representatives with special powers, by means of licensing, concession, assignment or other means accepted by Law, following the limitations below:

I. the total assignment comprises all rights of the author, except the moral rights and others expressly excluded by law;

II. the total and definitive assignment is only acceptable if there is a written agreement;

First, the total and definitive assignment of the economic rights must be in writing[49] so that oral agreements will be, in principle, deemed as null and void under the law. The law is silent as to the parties that must execute the agreement but it is clear that the assignor must be the author or the copyright owner at the time of the assignment.

One might ask whether a letter laying down the provisions of the contract and accepted by the assignor can be understood as being a written agreement. If the assignor has unequivocally accepted the conditions of the letter agreement, then he will be bound by it as if he had executed an agreement. This rule emanates from the general rules of contract in Brazil.

However, a contract that has only been delivered to the assignor but never executed or formally accepted will most likely be deemed as if nonexistent in case no other factual conditions may be found in relation to the behavior of the parties in relation to the work. In case the assignor acts in a way that is consistent with someone that has assigned the rights to a third party, e.g., by accepting a sum of money, by not objecting to the use of the work, by appearing in public commenting positively or agreeing with the use of the work, by taking advantage of the success of a given exploitation of his work by the third party to promote his name in the media, etc., it would be possible to construe that a formal good faith agreement has been executed between the parties.

The law also expressly determines that moral rights cannot be assigned with or without the economic rights of the author.[50] This specific issue will be treated separately in section IV of this article.

Further, the law penalizes the lack of a written agreement even in case it is found that, by the actions of the parties, a formal assignment has occurred. It determines that, in the absence of a written understanding, the assignment of rights will be limited in time to five years only. Even though a regular assignment can encompass the life of the work or even

III. in case there is no written covenant in the agreement, the transfer will only be valid for a 5-year term;

IV. the assignment is only valid to the country where the agreement has been executed, except if otherwise mentioned in the agreement;

V. the assignment will only be valid to the means of utilization already existent by the time of execution of the contract;

VI. in case there are no specifications as to the means of utilization, the contract will be restrictively interpreted, as if it were limited to the means deemed indispensable for the objective of the contract.

Art. 50 The total or partial assignment of the authors' rights, which will always be executed in writing, will always be deemed as to have taken place onerously.

[49] *See id.* (section 49, item II and section 50).

[50] *See id.* (section 49, item I).

perpetuity — which is another way of saying the life of the work — the lack of a written arrangement will reduce the ability of the assignee of using the work after five years.[51]

Unless otherwise determined in the agreement, the territory to which the assignment will be valid only in the country where it has been executed.[52] Therefore, it is extremely important to have a specific clause in the agreement allowing the use of the work in all territories of interest. A broad clause encompassing "the world" or even "the universe" is acceptable and, actually, preferable in most cases since it is difficult to accurately foresee where exactly the work will be used.

Regarding the modes of exploitation of the works, the assignee has to be especially careful when negotiating the agreement under penalty of being impaired from fully exploiting the work. The first aspect that has to be taken into consideration is that the law forbids the assignment of rights for the modes of exploitation or media that are not known by the date of execution of the agreement.[53]

Therefore, a broad clause granting the rights "in all media now known or hereinafter devised" will most likely have its latter part severed by a court of law and declared null and void. Since there is no definition of what can be considered a "known media" and, in order to minimize the impact of this prohibition on future technologies, one must be careful when drafting the agreement so as to also include media that, by the time of execution, are not commercially available or are still in the early stages of development.

For example, the high definition DVDs which are being currently discussed by the industry but are not yet available for consumers must be included in the language of such agreement, in case a broad assignment is necessary. Since the final name and formats of such high definition DVDs are not known at this moment, it is advisable to enumerate all names currently being used by the industry, such as "Blu-Ray DVD" and "HD-DVD" and any other names and specifications. As a safeguard, as all formats will most likely come under the definition of digital optical discs, such umbrella language should preferably be used in addition to the more specific terms.

A further safeguard could also be created by granting the assignee the right of first refusal to purchase, at a pro-rata price, rights to all future media. Nothing in the law prevents the enforcement of such clause, even though this has never been put to a test before the courts in Brazil.

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[51] *See id.* (section 49, item III).

[52] *See id.* (section 49, item IV).

[53] *See id.* (section 49, item V).

Another limitation regarding the modes of exploitation refer to a provision in the law determining that, in case it is not expressly foreseen in the agreement, the agreement will be interpreted restrictively so as to only encompass the mode of exploitation that is indispensable for the fulfillment of the agreement.[54] This means that, in the case of a work of translation of the dialogues of a screenplay in order to insert subtitles in a motion picture, it is natural to conclude that, in order to fulfill the agreement, it is enough for the assignee to have the right to use the translation only in the theatrical release of the film. However, for the subsequent release of the film on home video, the assignee will have to enter into new negotiations with the assignor or will have to commission the same work to a new translator.

Therefore, the law created the need of enumerating a large number of modes of exploitation in every assignment, making them very bulky and difficult to read. However, in order to be on the safe side, the assignees that wish to obtain the broadest possible array of rights must include such list and must be careful enough to revise the list carefully so as to encompass all existing modes of exploitation. The best way of drafting such agreements is by enumerating the largest categories — theatrical release, home video, television and stage shows — and, under each category, enumerate as many subcategories as possible such as, in the case of television, satellite TV, cable TV, pay TV, video-on-demand, Internet TV, free TV, etc.

Since the law is not clear as to what is a mode of exploitation, it is possible to construe that the major categories are each one a mode of exploitation thus being unnecessary to actually enumerate subcategories. However, since this provision of the law has never been put to a test before a court of law, the best strategy is to be as thorough as possible.

The law is not clear as to the enforceability of a clause which simply stated that "the assignment comprises all the modes of exploitation" and it could be reasonably argued that this is sufficient to characterize that the parties intended to cover all modes of exploitation and that the rule limiting the applicability of the agreement so as to only encompass the mode of exploitation that is indispensable for the fulfillment of the agreement would not apply. This limiting rule should only apply to cases where the parties have not expressed their will. However, as this point was not the object of a decision by the courts yet the best advice is to include a further specification of the most important modes of exploitation for the parties.

Considering all the above limitations related to assignment of rights, the situation regarding a commissioned work or of a work created by an

[54] *See id.* (section 49, item VI).

employee in the absence of a written agreement for the assignment of rights is fragile.

In some cases, it can be argued that the employer or the commissioning party has at least acquired a limited license to exploit the work restricted to the modes that are indispensable to the fulfillment of the purpose of the agreement.

Therefore, in case of a graphic artist contracted or employed to create a design for an advertisement, it could be reasonably assumed that, in view of the payment of the services, the use of the materials for the advertising of the products and services of the company will be within the limits of the license.

The absence of a written agreement though, makes it difficult to precisely determine the boundaries of the use which will be considered covered by this license and in case of doubt the use of the general principle above that all the dealings relating to copyright shall be interpreted restrictively will negatively impact the resolution of the controversy.

Important limitations as to this license may apply as in the absence of a written clause the maximum term of a license will be of five years and a further extension of this term will have to be negotiated. Further, the license may be limited to Brazil if it can not be proved that the employee or contracted party knew from the negotiation stage that the material would be used internationally.

There are also three important situations which deserve to be mentioned. The first is the situation regarding collective works defined by section 5, item h, of the Brazilian Copyright Act as works created on the initiative, instructions and responsibility of a natural person or legal entity, who publishes them under his name or mark, and consisting of contribution by two or more authors which are merged into a self-contained creation.

The Brazilian Copyright Act determines in section 17 that the economic rights in a collective work as a whole shall belong to the organizer, which, as seen above, can be a legal entity. The same section 17 determines that the contract concluded with the organizer shall have to specify the contribution by each participant, the time allowed for making the said contribution, the remuneration and any other condition of its implementation. A Web site for example could be determined to be a collective work if the above requisites are followed and thus the economic rights would be automatically owned by the respective organizer.

The second situation relates to articles in newspapers where the BCA determines that, unless otherwise agreed, the right of economic exploitation of writings published in the daily or periodical press, with the exception of signed articles and those containing a reserved rights notice shall belong to the publisher.

However, in this case, the Act further limits the right of economic exploitation determining that the authorization to exploit signed articles for the purposes of publication in the daily and periodical press shall lapse on the expiration of a period representing the publication interval increased by twenty days and calculated as from the publication date, at the end of which period the author shall recover his right.

Finally, there is the situation regarding software, which is protected in Brazil by copyright law as literary works with the special provisions of the Software Law no. 9609/98.

According to section 4 of the Brazilian Software Law, unless agreed otherwise, the employer, service contracting party or public body shall have full title over the rights associated to the software program, developed and elaborated throughout the duration of an agreement or by-law obligation, expressly intended for research and development, or in which the employee's, service contractor's or server's activities are provided, or yet, which arise from the nature of the duties pertaining to said ties.

Also, unless agreed otherwise, the remuneration for the work or service provided shall be limited to the agreed remuneration or salary.

However, the employee, service contractor or server shall have full title over the rights pertaining to a software program generated with no connection to the employment contract, service agreement or by-law obligation, and without the use of resources, technological information, trade and business secrets, materials, facilities or equipment of the employer, the company or entity with which the employer has entered into a service agreement or other similar agreements, or the service contracting party or public body.

The treatment provided for in the above section is applicable to the cases in which the software program is developed by scholarship students, trainees, or persons in similar circumstances.

Continuing the analysis of the general rules regarding assignment of rights it is crucial to have in mind that the assignment will always be presumed to be made for a consideration even though there is no prohibition of an assignment for free.[55] This rule serves to prevent the exploitation of a weaker party to an agreement by the stronger one. It is always important, in the case of an assignment for free that this be clearly mentioned in the agreement, so as not to raise any doubts before the courts in case of any challenge.

Under the past Brazilian Copyright Law 5988/73, there was a controversy as to the necessity of recordal of the assignment before the Copyright Register, in case of registered works, for the enforcement of rights of the assignee against third parties.

[55] *See id.* (section 50).

However, the current BCA has clearly determined that the recordal of the assignment is only a faculty of any of the parties, not an obligation so that the assignment will not be rendered null or void in case of absence of registration.

Finally, it is necessary to delve into the possibility of the assignment of works not yet created, as foreseen in section 51 of the Copyright Act of 1998.[56] This section is object of much — but undeserved — controversy among groups of study.

The provision of the law determines that the author of a work can only be bound to an agreement that foresees the assignment of all the works he creates, for a period of five years. The objective of this provision is to allow the author to renegotiate the terms of his contract after the five year term and to adjust it according to his success in the business.

This means that a composer will only need to assign his rights to the publishing company for the period of five years from the date of execution of the agreement. If his musical compositions are a success, he will be in a position to renegotiate the agreement to increase his upfront payments or royalty streams. By no means had the Congress intended, as some study groups try to imply, that the works resulting from such agreement can only be owned by the assignee for five years.

This is a misconstruction of the objective of the legislation, which is to protect the individual author and not to impair his ability of reaching an agreement. Therefore, all works the author creates within the maximum of a five-year term of the agreement can be automatically assigned to the assignee in perpetuity. After five years, the contract will need to be renegotiated only if the parties have interest in continuing doing business. Any work already created will continue to be owned by the assignee, if the contract foresees such situation.

As an industry example, it is very common for recording companies to bind their bands for the length of time necessary for the creation of three albums. With the application of this provision of the law, in case the third album is created after the fifth year, it would be possible for the band to construe that the third album must be the object of a new negotiation. Therefore, it is very important that the industry pay attention to this aspect in order not to execute agreements that may be challenged with ease before the courts.

Another important right present in some civil law countries such as Brazil which does not have a correspondence in most common law jurisdictions is the so called droit de suite or resale right.

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[56] Section 51. The term of the assignment of the authors' rights in future works may not exceed five years.

In Brazil, the author has the irrevocable and inalienable right to collect a minimum of 5% of any gain in value that may be achieved in each resale of an original work of art or manuscript that he has disposed of.

It is further important to note that where the author does not collect his resale royalty at the time of the resale, the vendor shall be considered the depositary of the sum payable to him, except where the operation has been conducted by an auctioneer, in which case the latter is considered the depositary.

IV. THE PROBLEMS WITH THE ASSIGNMENT OF THE MORAL RIGHTS AND AN OVERVIEW OF THEIR POSSIBLE SOLUTIONS

A. Introduction

Perhaps the set of rights under the broad concept of copyright in the civil law countries that has less controversy as to assignment issues is the one related to the moral rights of the authors. The fact is that such rights are generally clearly unalienable and cannot be waived[57] and this is especially true in Brazil.

Therefore, once the definition of such rights are actually understood by the assignee, it is fairly clear that they are of little consequence to the actual economic exploitation of the works, so long as the agreements are drafted bearing in mind their existence. The comments on this section of the article will be inevitably more objective exactly in view of the very clear provisions of the law[58] enumerating the rights and also proclaiming their main characteristics.

B. The Problems and the Possible Solutions

The moral rights, according to section 27[59] of the Brazilian Copyright Act of 1988, cannot be assigned or waived. This is a clear-cut provision benefiting the individual authors that goes beyond what is actually requested by the Berne Convention.[60]

The prohibition of assignment and ultimately waiver stems from the genesis of the moral rights in Europe. Were such assignment or waiver allowed, it would have the practical effect of a full irrevocable assignment. This is the rationale behind the provision of the law, which undermines, in principle, a full and absolute assignment of rights.

However, despite the difficulty in understanding such impossibility from a common law country viewpoint, it is imperative to grasp that the

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57 *See* section II(c) *supra.*
58 *See* note 26 *supra.*
59 *See* note 37 *supra.*
60 *See* notes 11 and 25 *supra.*

enforcement of the moral rights of the author is something that, in practical terms, is very difficult to achieve. First and foremost, in order to trigger the enforcement of the moral rights, the use of a work must be in a way that damages the reputation of the author and this can be seen from the clear language of the law.[61]

Second, the moral rights of altering the work after publication and of withdrawing the work from circulation[62] will trigger indemnification to the party that is using the work according to express authorization from the author. Therefore, the risks to the author for enforcing such moral rights are also very sizeable and cannot be discarded in the real world. This provision acts as a natural deterrent to the most radical and most prejudicial of the moral rights.

Third, out of the remaining moral rights, the only two that have any practical effect for the entertainment industry are the rights of attribution and integrity. Regarding the right of attribution, several contractual provisions can mitigate the problem.

The first one would be a clause whereby the author agrees that his name will appear as author of the work in a place that is convenient to the assignee and which size and duration will be a decision solely in the assignee's hand. This provision provides great flexibility to the assignee but it is recommended that the place, size and duration be not inferior to players of the same magnitude in the industry in order to prevent claims of abuse of power.

The second possibility, which does not exclude the first one, is to draft a clause actually foreseeing that, in case assignment is not possible, that the author licenses such moral rights to the assignee. Since a license in perpetuity would amount to an assignment, it is suggested that any such license be for a specified period of time. This kind of provision has not been challenged in courts so far but it must be clear that it is not a perfect safeguard since it goes against what the moral rights stand for. Therefore, the assignee should expect some difficulty in enforcing such clause.

The third and final suggestion to minimize the problems caused by the right of attribution is to negotiate a clause with the assignor whereby the assignor affirmatively exercises his right to remain anonymous. This clause only works, of course, when the assignee does not have interest in displaying the assignor's name in the work.

The right to remain anonymous is tricky though, since it does not clearly emanate from the Copyright Act. However, such right could be construed as to be part of the personality rights protected by the Brazilian

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[61] *See* note 26 *supra*, especially the several references to the "reputation of the author."

[62] *See* section II(C) *supra*.

Constitution and, therefore, perfectly possible of being exercised. Also, section 52[63] says that the omission of the name of the author will not amount to a presumption of anonymity. As a consequence, it is possible to construe that, if expressly foreseen in contract, only this right can be enforced based on the Copyright Act alone.[64]

Regarding the right of integrity, only the modifications that affect the reputation of the work and/or of the author may be considered illegal and subject to the author's enforcement of his rights. Furthermore, according to Professor Ascensão,[65] this right must be limited to the extent that is reasonable and in a way that the profitable exploitation of the work may occur. This means that modifications made in order to equalize the work to a certain mode of exploitation should, in principle, be allowed. It would not be reasonable, for example, using the same example of the translation for the use in subtitles, that the assignee be penalized because it reduced a sentence in order to permit the viewers to visualize the entire dialogue in one frame of the film.

The right being protected is the personality right of the author that should not be subject to radical changes of his work that may damage his reputation, without his express authorization. Therefore, it is especially important to inquire about the reasons behind the author's actions to enforce such rights since the law cannot be used as a mere tool for the author to obtain further unjust payments for his work.[66]

V. THE PROBLEMS WITH THE ASSIGNMENT OF THE NEIGHBORING RIGHTS AND AN OVERVIEW OF THEIR POSSIBLE SOLUTIONS

A. Introduction

As commented above,[67] in 1973 the first Copyright Act — Law no. 5,988/73 — was enacted. The prior provisions of the Civil Code on this matter were revoked and Law no. 4,944/66, which regulated the neighboring rights, was embodied. The Copyright Act consolidated the copyright

63 Section 52 of the Copyright Act of 1998: The omission of the name of the author or of a joint author on the disclosure of the work shall not constitute a presumption of anonymity or of assignment of the rights of the person concerned.

64 This rationale is accepted by Professor Bittar in his work *Direito de Autor*. He makes very interesting comments, but unfortunately without providing lively examples and case law, of instances where the waiver of the moral rights — if not irrevocable — should be accepted. One of these instances is, exactly, when the work is anonymous. He, however, does not admit implicit waiver of rights. BITTAR, *supra* note 4, at 108-09.

65 *See* ASCENSAO, *supra* note 31, at 142-43.

66 *See id.* at 143.

67 *See* section II(D) *supra*.

laws in Brazil and maintained the most important provision then existent. In light of this, the neighboring rights were recognized but assignment was not in any way forbidden. However, the further enactment, in 1978, of the Artist Profession Law, brought many problems of interpretation of the law.

Following the pattern of the preceding sections, the best way of providing an overview of the problem is by utilizing an actual case, recently decided by a first instance court.[68]

B. The Problems and the Possible Solutions

In 1966, a Brazilian singer called Cybele de Sa was hired to interpret the Brazilian version of the musical compositions contained within the first full-length animated motion picture, *Snow White and the Seven Dwarfs*.

At that time, neighboring rights were not recognized under the Brazilian law since Law no. 4,944/66[69] had not been enacted. However, despite the absence of any protection, Disney obtained a written assignment of all rights from the singer. The document was short but in accordance with all the regulation — or lack thereof — then existent regarding assignment of rights[70]

Based on such agreement, the animated motion picture was released theatrically in Brazil and, as in other parts of the world, enjoyed huge success. By the beginning of the 90s, Disney decided to release the famous movie, with the same Brazilian dub as in 1966, on home video.

Seeing a good opportunity to reap more money out of her 1966 contract, Cybele de Sa sued Disney's home video licensee in Brazil, Abril, claiming that she had never expressly authorized the use of her voice in a medium different from movie theaters. The Plaintiff wanted to receive further payment for such new use made by Abril.

Based firmly on the document whereby Cybele de Sa assigned all her rights,[71] the First Instance Court ruled against her. This decision is now on appeal.

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[68] Decision on Civil Action n° 778-01, filed by Cybele de Sa against Abril Video da Amazonia before the 32nd Civil Court of the State of São Paulo, issued on October 31, 2002, pending appeal.

[69] *See* section II(D) *supra*.

[70] Which, as can be seen in section III, are now very specific.

[71] The broad language of the document assigned the singer's rights to use of her work, "either in private or public exhibitions, isolated or simultaneously with the image in film, by means of television, cinema and in live exhibitions, radio broadcasting, record or tape recording and by any other exhibition means presently existent or that might exist in the future." In other words, she clearly assigned her rights to all media then known or later devised, including tape recording, which, by the time she executed the agreement, was a very new technology.

This actual situation underscores the importance of the written assignment in order to allow clearer situations in case of litigation. However, in Cybele de Sa's case, the mere fact that she rendered her services before the existence of any express protection for the neighboring rights would be enough to allow Abril to obtain the same result.

The first Copyright Act — from 1973 — was very clear as to the possibility of assignment of copyrights.[72] By reading the text of the legislation, one may easily gather that the law was express as to the possibility of assignment of rights but one may also argue that the section was only applicable to the copyrights not the neighboring rights, which have a different treatment under the same law. However, this possible conclusion is short-sighted and is not in line with the law, which, in section 94, says that the provisions related to copyrights are applicable also to the neighboring rights.[73]

As there was no provision in the first Copyright Act preventing the assignment of the neighboring rights, section 52[74] was clearly applicable. However, this situation was short-lived, since, in 1978, the very patronizing Artist Profession Law — Law no. 6,533/78 — was enacted. The entire discussion regarding this law refers to its section 13, which apparently prohibits the assignment of neighboring rights.[75]

This ill-fated law ended up granting more rights to the artists and performers than to the original creators of a work. While the former could not assign their rights, the latter could, creating an unfair lack of balance that benefited a certain category of rights holders that could only exist because of the original category of the authors.

Before commenting on the new Copyright Act, which certainly sheds more light on this controversy, it is important to discuss the apparent clash between the first Copyright Act and the Artist Profession Law.

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72 Section 52 of the now revoked Copyright Act of 1973 reads as follows:

> Section 52 – Copyright may be wholly or partially assigned to third parties by the author or his successors, either globally or individually, personally or by means of a representative vested with special powers.
>
> Sole Paragraph – If assignment is total, it shall include all the rights of the author with the exception of those which are of personal nature, such as the right to make modifications in the work, and those which are expressly excluded by the law.

73 *See* note 40 *supra*. Section 94 of the old Copyright Act is identical to the language of section 89 of the current Copyright Act.

74 *See* note 72 *supra*.

75 Section 13 of Decree-Law 6,533/78 reads as follows:

> Section 13 – The assignment of or the promise to assign copyrights or neighboring rights resulting of the rendering of professional services is not permitted.
>
> Sole Paragraph – The copyrights and neighboring rights of the professionals will be owed as a result of each exhibition of the work.

The simple interpretation that the Artist Profession Law superseded the first Copyright Act in this specific aspect, as defended by the Artists, of course, is ill grounded. The Artist Profession Law should be construed as not applying to economic rights, but only to moral rights, which are indeed not transferable and not renounciable. This law aims at specifically regulating labor issues for the Artist Profession, not copyright and neighboring rights issues. Therefore, its interpretation should be as restrictive as possible.

The genesis of section 13, which is actually out-of-the-context when compared to the remaining portion of the Artist Profession Law, was the result of lobbying efforts from the actors and actresses in Brazil, at the time of the peak of the soap operas[76] broadcast mainly by TV Globo.[77] The artists wanted to make sure that they would receive further payments by the time of re-runs of the soap operas and by the time the works were licensed to be broadcast in other countries.

The artists and performers wished to receive payment for each exhibition of the works and, for this reason, they did not want to assign the rights perpetually. However, what was not understood was that the assignment of rights is an aspect that may be seen apart from the payment of residuals for every new exhibition. For example, if an assignment is made but only a single exhibition of a given program is foreseen, payment for future exhibitions may be owed to the artists/performers. However, if the assignment is made in a way that the artists/performers recognize that the payment they are receiving is sufficient to cover every exhibition made by the assignee or if there is a very high number of re-runs foreseen in the agreement, there would be no grounds for claiming that the agreement is illegal.

Nevertheless, the lack of the perfect understanding of the situation by the Congress at the time it allowed section 13 of the Artist Profession Law to pass as it is now, without any distinction between assignments and reruns or even use in new media. As a consequence, even though some reconciliation between the first Brazilian Copyright Act and the Artist Profession Law was possible, this was not the prevailing position, even though case law is basically nonexistent as to this aspect.

Be that as it may, in 1998 the current Brazilian Copyright Act was enacted,[78] and many inconsistencies have been cleared up but, unfortu-

[76] The Brazilian produced soap-operas, specially the ones produced by TV Globo, are considered to be among the best in the world and the end product is actually exported to the United States, Portugal, France and even China, with huge success.

[77] TV Globo is the largest free TV network in Brazil, with presence in almost the entire territory of Brazil.

[78] Brazilian Copyright Act of February 19, 1998.

nately, not in a straight-forward way. As seen,[79] section 49 of the Copyright Act of 1998 foresees the total or partial assignment of the economic rights of authors.

As it happened with section 52 of the first Copyright Act,[80] one may gather that the above section is only applied to copyrights and not neighboring rights. However, section 89 of the current Act ends with such discussion since it mimics the language of the old section 94,[81] thus making everything that may be applicable to copyrights, also applicable to the neighboring rights.[82]

Therefore, it is quite clear that the assignment referred to in section 49[83] not only may be applied regarding the copyrights but also in relation to neighboring rights. Section 92 of the current Copyright Act reinforces this conclusion. This section, which confirms that the assignment of the economic neighboring rights is possible, is extremely important since it comes under Title V which is solely dedicated to the Neighboring Rights.[84]

The possibility of assignment of the economic rights has been made clear with the enactment of the new Copyright Act. With the exception of the moral rights, all other rights may be freely transferred to third parties inasmuch as an agreement is executed.

However, it is also clear that the sections discussed above, specially section 92, are in apparent contradiction with section 13 of Law no. 6,533/78, the Artist Profession Law. While section 13 of Law no. 6,533 says that "the assignment of or the promise to assign copyrights or neighboring rights resulting from the rendering of professional services is not permitted," section 92 of the new Copyright Act states that "the performers shall keep the moral rights of integrity and paternity of their interpretations, even after the assignment of the economic rights."

Therefore, the new law expressly foresees the possibility of assignment of economic rights of the performers so that, after applying the gen-

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79 *See* note 48 *supra*.

80 *See* note 72 *supra*.

81 *See* notes 40 and 73 *supra*.

82 Section 89 of the Brazilian Copyright Act of 1988 – The provisions referring to the rights of authors will be applied, when possible, to the rights of artists, performers, phonogram producers and broadcasting organizations.

83 *See* note 48 *supra*.

84 The correct understanding of section 92 of the current act is essential for the conclusion of this article. This section directly acknowledges the possibility of assignment of the economic rights of the artists and performers, as follows:

> Section 92 – The performers shall keep the moral rights of integrity and paternity of their interpretations, *even after the assignment of the economic rights*, without prejudice of the reduction, compacting, edition or dubbing of the work in which they participated, under the producer's responsibility, who may not disfigure the interpretation of the artist.

eral principle laid down in the Law of Introduction to the Civil Code,[85] the current Copyright Act has superseded section 13 of the Artist Profession Law in this specific aspect.

Because this matter has not yet been put to test before the courts, the American entertainment industry, when dealing with issues similar to the Cybele de Sa case mentioned above must be prepared to face resistance with the above interpretation. The difficulties will most certainly stem from the last section of the Copyright Act, which expressly affirms that the Artist Profession Law continues to be in force, without creating any exception.[86]

However, the general principle of the law, whereby a later conflicting legislation revokes the prior one, the former will always prevail, burdened, however, by the many uncertainties created by Congressional errors and omissions. As a matter of fact, since the Artist Profession Law deals in almost its entirety with labor issues, there would not be any reason for it to be revoked by the new Copyright Act. This is the reason behind the exception of section 115.[87] Of course, the Congress should have also made clear that section 13 has been revoked so as to avoid any discussions and lengthy litigation regarding this matter.

Therefore, as far as neighboring rights go, the same precautions taken with the economic rights must be adopted in order to avoid any claim that new uses are outside the scope of the agreement.

VI. CONCLUSION

Any negotiation involving assignment of economic, moral and neighboring rights in civil law countries, especially Brazil, must be thoroughly discussed and understood by the entertainment industry, under penalty of reaching an agreement that may look perfect from an American perspec-

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[85] It is a general principle of the Brazilian law that a later legislation supersedes a prior legislation whenever the first is inconsistent with the latter. This may be gathered from section 2 of Decree-Law no. 4,657, of September 4, 1942 (Law of Introduction to the Brazilian Civil Code):

> Section 2 – If a law does not have a specific expiration term, it will be kept in force until another one modifies or revokes it.
>
> Paragraph 1 – The subsequent law supersedes the prior one when it is expressly declared, when they are incompatible or when they comprehensively regulate the issue with which the earlier law dealt.

[86] Section 115 – By force of this Law the following provisions are revoked: arts. 649 to 673 and 1.346 to 1.362 of the Civil Code and Laws nos. 4,944 of 6 April 1966; 5,988 of 14 December 1973, except section 17 and §§ 1 and 2; 6,800 of 25 June 1980; 7,123 of 12 September 1983; 9,045 of 18 May 1995, and remaining provisions contrary to it, being kept in force Laws n° 6,533, of 24 May 1978 and 6,615, of 16 December 1978.

[87] *See id.*

tive but is, in actuality, unenforceable under the laws of the countries where it is executed or where the services will be rendered.

This is particularly true of Brazil where, as commented,[88] the doctrine of the work made for hire no longer exists for copyright matters — with the exception of software.[89] The agreements must be carefully drafted in order to encompass as many rights as necessary to perfectly allow the exploitation of the work, without, if possible, any further payments to the assignor.

However, this task can only be accomplished if the very restrictive rules regarding the assignment of economic rights are understood and complied with to the fullest extent possible. Also, the moral rights, which are usually seen as a very complex set of rights that threaten the full exploitation of the work, must be seen as they actually are: important rights for the pride of the individual authors that, with minimum efforts, could have their effects minimized to a point that the effect on the actual use of the work will not be of relevance. Finally, it is also necessary to fully understand the problems related to the neighboring rights and the legal theories surrounding them in order not to be caught off-guard when negotiating an agreement.

In general, the rules could be summarized as follows:

> the agreements will be interpreted restrictively by the courts;
> the assignments must be in writing;
> territory and duration of the assignment must be mentioned in the agreement;
> modes of exploitation or media should preferably be enumerated in full detail (encompassing also media that are now in prototype stages);
> use in media not known at the time of the execution of the agreement can not be assigned;
> agreements regarding "future works" can only have a maximum of a five-year term but all works being created within this period can be automatically assigned in perpetuity;
> moral rights can not be assigned or waived;
> neighboring rights generally follow the rules of the economic and moral rights: the first may be subject to assignment and the latter may not be subject to assignment; and
> there is a controversy surrounding the ability of assigning the economic neighboring rights that must be taken into consideration.

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[88] *See* section III(A) *supra*.

[89] *See* note 43 *supra*.

An important remark must be made in the sense that most of the controversial issues discussed herein, as commented on several times, have not been tested in court or are in the process of being tested so that the solutions presented are hypothetical solutions based on the study of the behavior of the courts and of the Congress, as well as empiric tests.

It is also important to remark that, as complicated as it may seem, the structure of the contracts should not differ much from the practice established by the entertainment industry in the United States. However, it is important to understand the consequences of a given provision, based on the law of the country where it will be applied since, most of the time, election of foreign law and jurisdiction to settle any disputes arising out of the agreements will not be a safeguard available to the industry.

PART III

COPYRIGHT CORNER

THE FIFTH ANNUAL CHRISTOPHER A. MEYER MEMORIAL LECTURE
HUMPTY-DUMPTY IN COPYRIGHTLAND

by I. FRED KOENIGSBERG*

There is an old Yiddish saying — are there any *new* Yiddish sayings? — "AYE'DER ICH RED, VIL ICH ZOGEN AH POR VERTER". Roughly translated — and, of course, all Yiddish sayings can only be roughly translated — it means, "BEFORE I SPEAK, I'D LIKE TO SAY A FEW WORDS." And here they are.

First, I am tremendously honored to have been asked to give the Meyer Lecture. To speak in a forum named for Chris Meyer is especially meaningful. All of us who knew Chris developed not only a great respect for his abilities, but a genuine affection for him. It is a great privilege to be invited to speak to you today.

Second, my thanks to the Motion Picture Association of America for graciously allowing us to be here in the House that Jack Built. In a sense, I'd also like to think of this lecture as a tribute to Jack Valenti, the head of the MPAA, who for so many years has fought for creativity and intellectual property rights.

Third, let me give you my view of lectures like this. I see them as a way of raising issues that might not otherwise be raised in the normal give-and-take of our daily lives and careers in copyright. To do that, a lecture like this should push the envelope a bit. So if you think that some of the things I say push a little too much, please understand that I do it in the hope of provoking some thought on issues not always thought about — perhaps to question what we have taken as the received wisdom.

Finally, a particularly personal note. Those of you who know me know that my entire career has been spent representing creators and copyright owners rather than users of copyrighted works. That inevitably colors one's worldview — I freely confess it has colored mine. Indeed, I

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*Mr. Koenigsberg is a Partner in White & Case LLP in New York City. This is the text, with very slight editing, of his delivery of the Meyer Lecture in Washington, D.C. on May 26, 2004. Given the informal nature of the lecture, no citations are given; they are readily enough available to the diligent reader. The author thanks his colleagues Stefan Mentzer and Jessica Rose for their assistance in the research for this lecture.

recall Art Scheiner, a distinguished practitioner here in Washington, who for many years represented the MPAA, tells me in the midst of one Copyright Royalty Tribunal proceeding that, in his experience, lawyers — good lawyers at least — always become convinced that their clients' positions are correct. Now I also have taught as an adjunct at Columbia and other schools for over twenty-five years, and so I'm used to repressing what have become my acquired, if not natural, instincts, in the interests of presenting all sides of the issue, being neutral, and all that. But that's not going to happen here today. So right up front, a cautionary note — I won't at all hold it against you, indeed, I advise you, to understand where I am coming from and take many of the things I have to say with a large grain of salt.

Now, having said a few words, let me begin to speak.

In that wonderful introduction that I got, you heard that I have a masters' degree in communications from the Annenberg School of Communications of the University of Pennsylvania. While I was there, from 1967 to 1969, we learned some interesting things. I wish I could remember them all, but, you know, if you lived through the '60s you don't remember them. Anyway, in the late 1960s, both among communications theorists and in the popular media, there was much discussion of the theories of Marshall McLuhan, summed up in his mantra, "the medium is the message." (Some of you may remember Henry Gibson's line from *Laugh-In*: "Marshall McLuhan, what're you doin'?") McLuhan was trying to convey the notion that the form of communication determined its content.

But his work actually derived from the earlier, highly academic work of the linguists Edward Sapir and Benjamin Whorf, who postulated the imaginatively named "Sapir-Whorf Hypothesis." To oversimplify, the Sapir-Whorf Hypothesis held that the structure of language affects and influences the very way those who speak the language think about and interact with the world. To use an even more overly simplified example, if we distinguish between a language like English, which places adjectives before nouns ("the blue sky") and French, which places adjectives after nouns ("*le ciel bleu*"), the Sapir-Whorf Hypothesis would hold that that placement will influence whether the speaker thinks that objects are more important than their qualities or vice versa, and therefore how the speaker will act in and interact with the real world.

Beyond the Sapir-Whorf Hypothesis, there is another hypothesis of relevance to my topic today. I call it the Humpty Dumpty Hypothesis, and draw it from chapter 6 of Lewis Carroll's *Through the Looking Glass* — the famous colloquy between Alice and Humpty Dumpty:

> "When I use a word," Humpty Dumpty said, in a rather scornful tone, "it means just what I choose it to mean — neither more nor less."

> "The question is," said Alice, "whether you can make words mean so many different things."
>
> "The question is," said Humpty Dumpty, "which is to be master — that's all."

There is a battle raging between those who support creativity — led by creative talents such as songwriters, composers, lyricists, authors, and the business entities underwriting them, such as music publishers and motion picture companies — and those who do not — such as those in the so-called Internet "community" who claim "information wants to be free." This claim that "information wants to be free," by the way, has always baffled me — I had no idea information had any volition of its own. But it seems that the inanimate get all sorts of anthropomorphic treatment these days — it brings to mind Fran Leibowitz's comment: "What kind of world is it where hamburger has a helper but authors have to carry their own suitcases?" And if information wants to be free, why does Verizon's DSL service cost me forty bucks a month?

I fear that those of us who support creativity have made a crucial mistake: we have, in many cases, and for too many years, allowed our adversaries to set the language of the debate. And, by their setting the language of the debate, we have allowed them to set its structure, to the detriment of our cause. That is especially crucial in three arenas — those of the law, of public opinion, and, especially here in Washington, of the government. The words used in our debate have been stripped of their proper meaning, and given quite a different meaning, all in the interest of the battle over who will be master, as the large egg so aptly put it.

Our adversaries are using language not according to its proper meaning, but, following Humpty Dumpty's advice, making words mean what they want them to mean. In so doing, they are structuring the debate in a particular fashion, and that may well bias the discussion and influence the outcome against us in each of the three arenas that I mentioned.

There are many examples of the enemies of creativity using language and its structure to tilt the debate in their favor:

As conscious or unconscious followers of McLuhan, Sapir and Whorf, they are using the full capabilities of the digital world as the medium of debate. It's not only the use of the Internet for unauthorized uses of copyrights. It's also the full court press using the Internet's tools to spread their gospel — from chat rooms to blogs to parlaying Internet chatter into TV interviews, op-ed pieces, and the like.

And as devotees of Humpty Dumpty, they are doing so by changing the language of the discourse. For example:

- They speak of the fair use "right." But there is no "right" to fair use. It is the exception, not the rule, and throughout the

development of the concept, it was properly referred to as a "privilege," not a "right";

- The Internet crowd (and especially those who provide the wires and connections that serve the Internet) love to speak of the creative works one finds on the Internet as "content." Since when did "art" become "content?" Do you know of one creator, one author, one artist, who likes having his or her work referred to as "content?" Look at what that term strips away from, and how it devalues, creativity and the creative process;
- They speak of "sharing" music and movies when they transmit them over the Internet to millions of people, without any thought of compensation for, let alone permission from, those whose creative property they are using and devaluing with such carefree abandon. Since when did unauthorized taking — I'm tempted to say theft — become "sharing?";
- And they speak of doing this "sharing" with a "community" of music users. Since when did millions of people unrelated by any common bond whatsoever except the purchase of a computer and its attachments, and a desire to take property without payment, constitute a "community?";
- One of the terms that most peeves me is when copyright is referred to as a "monopoly." Now certainly it is. *Any* ownership of *any* property confers a "monopoly," in the sense that the owner, and only the owner, has the right to use it. And that is the sense in which the nineteenth century copyright cases (and patent cases, for that matter) used "monopoly." But in our day and age, "monopoly" conveys more than property ownership, it implies antitrust violation: a conspiracy in restraint of trade, the ultimate evil in our economic system. And so today, every time copyright is referred to as a "monopoly," it's not simple property ownership that comes to mind; instead, the noble world of art becomes unjustifiably smeared with the mud of antitrust violation.

By using these terms, the enemies of copyright are changing the very nature of the discourse, in a way that suits them but does not, I think, reflect reality. They are, very cleverly, following Humpty-Dumpty's advice and making full use of the Sapir-Whorf Hypothesis. And that poses a danger — the danger that the decision makers, be they judges or legislators, and, even worse, the general public, none of whom are steeped in the intricacies of the area, will approach issues from the framework, from the structure, that copyright's adversaries dictate.

What I really want to concentrate on, however, is one term in particular: That term is "balance" — particularly apt given what happened to Humpty Dumpty. Our adversaries keep referring to the "balance" between protection of copyrights on the one hand and the "public interest" on the other, as if the two concepts were at war with each other. Indeed, they have successfully enshrined this concept of "balance" between two warring factions — creators and copyright owners on the one hand and the "public" on the other — in the legal theory behind the copyright law itself. The Constitution, they say, demands such a "balance."

Let's examine that thesis:

If you look at the seminal documents on copyright in the United States and its then-contemporary exegesis, I think you will find no support for this concept of "balance." Rather, you will find two key points:

> First, the Constitution itself says nothing about "balance." It grants Congress the power to make copyright laws: "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." There is not a word about "balance" — there is just a statement of a means to an end — the means being the granting of property rights to creators, the end being the encouragement of the development of our culture. The Constitution says that we should promote the progress of society in learning and knowledge and culture, and that the way to do so is to grant property rights, exclusive rights, to those who create works of art and culture. In those words, I think there is no mention of, no trace of, a notion of "balance" between two warring factions or ideas.
>
> Secondly, the contemporaneous explanation for the constitutional provision is even more enlightening. The primary source of knowledge as to the intent of the drafters of the Constitution is *The Federalist Papers*, written by James Madison, Alexander Hamilton, and John Jay. Here is the only thing in those essays (this one written by Madison, the "father of the Constitution") about the copyright clause of the Constitution, from *Federalist Paper #43* (1788). Referring to the power given Congress to enact copyright and patent laws, Madison says:
>
> "The utility of this power will scarcely be questioned. The copyright of authors has been solemnly adjudged in Great Britain to be a right of common law [and the patent right of inventors has similar value]. . . . *The public good fully coincides in both cases with the claims of individuals.*"

> Read it again: THE PUBLIC GOOD *FULLY COINCIDES* WITH THE CLAIMS OF INDIVIDUALS.

The Founders did not talk about a "balance" between copyright and the public good. The Founders did not see any need for a "balance" between warring factions, because two opposing sides to the question simply did not and simply do not exist. The rights of authors, and the public good, they thought, are not at war with each other — they are not only fully compatible, they are identical. The "claims of individuals," that is, to property rights in copyrighted works, "fully coincide" with the "public good."

Let's delve into some decisions and legislative pronouncements, to illuminate this notion of "balance."

Going all the way back to *Wheaton v. Peters* in 1834, the majority did not allude to the issue, but Justice Thompson's dissent quoted Madison and noted that "The object of the [copyright] law, and to which the attention Congress was specially drawn, was the *protection* of property . . . ."

In 1841, in *Folsom v. Marsh*, Justice Story (writing as a circuit judge) reiterated the Madisonian formulation. As you all know, that case dealt with George Washington's letters and an early examination of the fair use privilege. The Court said:

> Indeed, if the doctrine were otherwise, that no person, or his representatives, could have a copyright in his own private or familiar letters, written to friends, upon interesting political and other occasions, or containing details of facts and occurrences, passing before the writer, it would operate as a great discouragement upon the collection and preservation thereof; and the materials of history would become far more scanty, than they otherwise would be.

The Supreme Court thereafter on many occasions has referred to the general benefit to the public gained by stimulating the creation and investment in artistic works. *That* was the overriding purpose of the copyright law, and that public good was assured by granting property rights to creators. Thus, for example, in *Fox Film, Inc. v. Doyal* in 1932, the Court said:

> *The sole interest of the United States and the primary object in conferring the monopoly lie in the general benefits derived by the public from the labors of authors.* A copyright, like a patent, is 'at once the equivalent given by the public for benefits bestowed by the genius and meditations and skill of individuals, and the incentive to further efforts for the same important objects.' [citing early patent cases]

And further:

> Copyright is a right exercised by the owner during the term at his pleasure and exclusively for his own profit and forms the basis for extensive and profitable business enterprises. The advantage to the public is gained merely from the carrying out of the general policy in making such grants and not from any direct interest which the government has in the use of the property which is the subject of the grants.

And of course, there is the famous conclusion of 1954's *Mazer v. Stein*:

> The economic philosophy behind the clause empowering Congress to grant patents and copyrights *is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors in 'Science and useful Arts.'* Sacrificial days devoted to such creative activities deserve rewards commensurate with the services rendered.

More recent cases repeatedly referred to the public benefit conferred by copyright protection. One was a case I was involved with in 1975, early in my career, *Twentieth Century Music Corp. v. Aiken*:

> The immediate effect of our copyright law is to secure a fair return for an 'author's' creative labor. But the ultimate aim is, by this incentive, *to stimulate artistic creativity for the general public good.* 'The sole interest of the United States and the primary object in conferring the monopoly,' this Court has said, 'lie in the general benefits derived by the public from the labors of authors.' [citing *Fox Film Corp. v. Doyal*] When technological change has rendered its literal terms ambiguous, the Copyright Act must be construed in light of this basic purpose.

So, then, whence comes the "balance" notion in copyright? A primitive version of the notion seems to have come up in nineteenth century patent cases, and then to have been picked up, extra-judicially. The House Report on the 1909 Copyright Act expressed it. The Report said:

> In enacting a copyright law, Congress must consider . . . two questions: first, 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? The granting of such exclusive rights, under the proper terms and conditions, confers a benefit upon the public that outweighs the evils of the temporary monopoly.

Note the references to "monopoly" — I will return to them. The Report later continued:

> The main object to be desired in expanding copyright protection accorded to music has been to give to the composer an adequate return for the value of his composition, *and it has been a serious and a difficult task to combine the protection of the composer with the protection of the public,* and to so frame an act that it would accomplish the double purpose of securing to the composer an adequate return for all use made of his composition and at the same time prevent the formation of oppressive monopolies, which might be founded upon the very rights granted to the composer for the purpose of protecting his interests.

Why was Congress in 1909 talking about opposing values — the protection of the composer and the protection of the public — and why specifically in the context of music, and why by invoking the antitrust rather than property sense of "monopoly"? I think these statements must be understood in the context of those times, and most particularly as part of the discussion of the mechanical compulsory license in the first decade of the twentieth century.

If you look at the legislative history of the 1909 Act, I would estimate that fully a third of all the hearings and reports concerned the question of the mechanical right — the right of a copyright owner of a musical composition to license to a record company the rights of reproduction and distribution to the public of that musical work on phonorecords of sound recordings. As you may recall, one company — the Aeolian Company — anticipating that Congress would grant the mechanical right when it had not previously existed (see the Supreme Court's 1908 decision in *White Smith v. Apollo*), started buying up, from music publishers, exclusive rights to make piano rolls and records. In the trust-busting atmosphere of that time, this was anathema — the possibility of a "great musical trust" — an "oppressive monopoly" in the antitrust sense. So Congress enacted the mechanical compulsory license. And, in that context, we can understand not only the double meaning of "monopoly" as used in the Report (kudos to Humpty Dumpty — words mean what I say they mean), but the fear that the interests of the public and copyright were antithetical.

I don't mind saying that, in researching this talk, I was unhappily surprised to find that this "balance" notion was picked up in, of all places, the first Report of the Register of Copyrights on the General Revision of the U.S. Copyright Law, in 1961. The Register there said:

> Within limits, the author's interests coincide with those of the public. Where they conflict, the public interest must prevail. The ultimate task of the copyright law is to strike a fair balance

> between the author's right to control the dissemination of his works and the public interest in fostering their widest dissemination.

What's interesting about this statement is how the report modifies and qualifies *The Federalist Papers'* flat statement. Madison said the public interest and the author's interest "*fully* coincide." Now, however, the author's interests coincide with those of the public only "within limits." I guess Humpty Dumpty would say that, "when I want 'fully' to mean 'partially,' it does!"

A few years later, no less a revered figure than Prof. Benjamin Kaplan, in his *Unhurried View of Copyright*, elaborated on the "balance" theme. William C. Warren, who was then dean of Columbia Law School (indeed, he was so when I entered that august institution), wrote in his foreward to Prof. Kaplan's work:

> Successive ages have drawn different balances among the interest of the writer in the control and exploitation of his intellectual property, the related interest of the publisher, and the competing interest of society in the untrammeled dissemination of ideas. It is this striking of balances in the law of copyright in the past, at present, and for the future, which constitutes the central theme of the James S. Carpentier Lectures delivered by Professor Benjamin Kaplan at the Columbia University School of Law in March, 1966.

Now the courts pick it up, and "balance" not only becomes a task of those formulating the copyright law, but a difficult one at that! Thus, in 1984's *Betamax* case, the Supreme Court said:

> As the text of the Constitution makes plain, it is Congress that has been assigned the task of defining the scope of the limited monopoly that should be granted to authors or to inventors in order to give the public appropriate access to their work product. Because this task involves a difficult balance between the interests of authors and inventors in the control and exploitation of their writings and discoveries on the one hand, and society's competing interest in the free flow of ideas, information, and commerce on the other hand, our patent and copyright statutes have been amended repeatedly.

And the notion that the interests of creators and the public are at war thus has become the gospel. So, even in the reports on the pro-copyright Term Extension Act of 1998, the majority report says:

> The nature of copyright requires that these proprietary interests be *balanced with the interests of the public at large* in accessing and building upon those works.
>
> *In balancing these competing interests*, Congress has sought to ensure that creators are afforded ample opportunity to exploit their works throughout the course of the works' marketable lives, thus maximizing the return on creative investment and strengthening incentives to creativity.

The minority report, of course, has a field day with the notion:

> Copyright law relies on a delicate balance between rewarding creators and disseminating works for the public benefit.

That not being enough for copyright's enemies, they now attribute the notion of balancing these warring interests to the Constitution itself! The minority report says:

> *The Constitution charges Congress to strike a balance between creators and the public benefit when it says*: 'The Congress shall have the power . . . to promote the progress of science and useful arts, but securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.
>
> The Constitution *mandates* that we consider balance when we consider copyright. We have a balanced copyright system that favors creators but that holds out a promise that sometime in the distant future the public will have unfettered access to creators' works. Extending the term another 20 years upsets that balance and threatens to dry up the public domain, which is a major source of creativity.

How those statements square with *The Federalist Papers'* explanation that copyright and the public interest fully coincide is a mystery. If you listen carefully, you will hear a faint whirring sound. That is James Madison spinning in his grave.

The ultimate absurdity here is H.R. 1066, introduced in 2003, which, despite the number, has nothing to do with the Norman Conquest. It purports to expand fair use for digital uses of works. The "findings" of the bill start by quoting the "difficult balance" language of *Betamax*. Then it says, "Advances in technology have often prompted changes to the copyright laws to maintain the balance." Next, "The development of digital technology and the rise of the Internet have once again altered the balance." And then, it accuses the Digital Millennium Copyright Act of causing an unintended "dramatic shift in the balance," and, as a result, "it is now necessary to restore the traditional balance between copyright holders and society." And what is this legislation called? The "Benefit Authors With-

out Limiting Advancement or Net Consumer Expectations Act of 2003." The acronym works out to — you guessed it — the BALANCE Act.

So what's the right — the proper — the correct — view? How should we look upon the new technological marvel of the Internet? In rooting around the voluminous legislative history of the 1976 Act, I found a remarkable statement. It was made in the hearings on copyright revision before the House Subcommittee on March 15, 1967, on behalf of the Committee to Investigate Copyright Problems Affecting Communication in Science and Education. That Committee was not entirely exactly made up of your normal copyright enthusiasts — it consisted of a Vice-President of the Microcard Corporation, a staff physicist of the Council on Library Resources, the chairman of the Department of Geology at the University of Pennsylvania, and the Vice President of Jonker Business Machines, but it did include — most interestingly — Walter Derenberg of NYU Law School. For those of you too young to have known him, Prof. Derenberg was a giant of the copyright bar. He started the very first law school course devoted solely to copyright. He was a founder of the Copyright Society. He was a much beloved mentor to untold numbers of copyright lawyers. And this Committee's statement, from which I'd like to read a significant excerpt, shows, I think, Prof. Derenberg's fine hand, and is especially apt for two reasons: first, although almost forty years old, because it has relevance to the issues posed today by the Internet, and second, because it brings us back in a way to Humpty Dumpty, or at least to other eggs:

After listing all the interest groups which have particular interests in copyright one way or the other, the statement continues:

> While there are other groups with special interests in copyright, we mention only one more — the 'general public.' What is their interest in copyright? In the main they are neither aware of its advantages nor feel constrained by it. Like the law and medicine and politics — copyright does not ordinarily touch their lives. Nevertheless, in the long run the general public will be the heaviest loser if copyright is weakened.
>
> If we sort out these various parochial attitudes and interests, we find that they can be roughly divided into two groups: that of the goose which lays the golden eggs, and her assistants; and that of the consumers of the eggs, and their friends and assistants. Since these are intellectual eggs they are, of course, intellectually and spiritually edible. Those who produce the golden eggs of intellectual creativity want protection and encouragement to lay. Those who are nourished by the intellectual feast want freedom to consume. While some consumers recognize that productive

> geese must be fed and tended, most are aware only of the eggs — and only after these are so accessible as to seem free — i.e., in the public domain. *Users in small quantities often tend to confuse free physical access with free economic access.* Once the prototype is laid, they may rationalize, what unfairness is there in making a little more use of it, say, by making a personal copy? True, the Copyright Statute requires permission to copy — but is it necessary or even possible to ask each time if one needs only a single copy? Obtaining permission for a few copies, under today's conditions of diffuse organization, great speed and fast competition is no longer practically feasible. The enormous amount of trouble and time needed to get permission far more than offsets any slight economic loss to the copyright owner. Besides, there is not necessarily *any* economic harm. Who can measure so small an amount as the economic effect of one additional copy?
>
> But the goose — who in reality is nobody's goose [i.e., fool] — has learned statistics. She replied: it may be that the loss to *me* of a royalty on a single copy is quite small — pennies compared with the dollars it would cost *you* to get permission for access to my work.
>
> But that is the point of what is going wrong. I am paid by the *total*. One and one and one and one — is becoming more of the total. In future it will make a bigger and bigger difference to me whether my egg is duplicated one-at-a-time, or in an edition, if I am not paid for one-at-a-time copies.

This statement from thirty-seven years ago was, I think, remarkably foresighted. It also may be seen as a plug for collective licensing regimes.

But more recently, at least in terms of Supreme Court jurisprudence, there is a glimmer of hope. The majority in *Eldred* seems to have taken Madison's words to heart, as it chastised the dissenters in that case:

> Justice Stevens' characterization of reward to the author as "a secondary consideration" of copyright law, understates the relationship between such rewards and the "Progress of Science." As we have explained, "[t]he economic philosophy behind the [Copyright] [C]lause . . . is the conviction that encouragement of individual effort by personal gain is the best way to advance public welfare through the talents of authors and inventors." *Mazer v. Stein*. Accordingly, "copyright law *celebrates* the profit motive, recognizing that the incentive to profit from the exploitation of copyrights will redound to the public benefit by resulting in the proliferation of knowledge . . . The profit motive is the

> engine that ensures the progress of science." *American Geophysical Union v. Texaco Inc.* Rewarding authors for their creative labor and "promot[ing] . . . Progress" are thus complementary; as James Madison observed, in copyright "[t]he public good fully coincides . . . with the claims of individuals." The Federalist No. 43. Justice Breyer's assertion that "copyright statutes must serve public, not private, ends," similarly misses the mark. The two ends are not mutually exclusive; copyright law serves public ends by providing individuals with an incentive to pursue private ones.

Once again, I remind you of my purpose here — to stimulate thought on a subject that may not be critically examined. So, what's the punch line? To those of us who argue for creativity and try to repel the barbarians at the gate, I say keep the Sapir-Whorf and Humpty Dumpty Hypotheses always in mind. Don't let our adversaries set the language or structure of the discourse: it's art, not "content"; it's property, not "monopoly"; it's taking not "sharing." And the public interest is not at war with copyright — the interests fully coincide. Don't let the discourse get over-"balanced." Because if it does, you know what will happen to Humpty Dumpty — if the golden egg of copyright falls, all the king's horses, and all the king's men . . . well, you know.

PART IV

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

PART IV

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

United States

U.S. Library of Congress. Copyright Office

Librarian of Congress Announces Termination of Phase II Cable Royalty Proceedings. Federal Register, vol. 69, no. 84, pp. 23,821-22. The Librarian of Congress is announcing the vacatur of his Order rejecting the initial and revised reports of the Copyright Arbitration Royalty Panel (CARP) in the Phase II proceeding to determine the distribution of the 1997 cable royalty funds in the syndicated programming category. The proceeding involved a dispute between the Motion Picture Association of America and Independent Producers Group. The Librarian's Order as well as the initial and revised CARP reports are being vacated as moot because the parties have resolved their dispute. For further information and to read the text of the Order, go to the Copyright Office Web site at http://www.copyright.gov/fedreg/2004/69fr23821.html.

U.S. Library of Congress. Copyright Office

Copyright Office Announces Alternative Methods for Filing Claims to the 2003 Cable and Satellite Royalty Funds. Federal Register, vol. 69, no. 104, pp. 30,577-80. The Copyright Office of the Library of Congress is announcing alternative methods for filing claims to the 2003 cable and satellite royalty funds. In addition to the traditional methods, the Office is offering an electronic filing option and strongly encourages claimants to use this method when filing their 2003 cable and satellite claims to better ensure that claims are timely received. Cable and satellite forms, including instructions for filing the claim electronically, will be available from July 1, 2004, through August 2, 2004, on the Copyright Office Web site at www.copyright.gov. Claims submitted online must be received on the Office's server no later than 11:59 p.m. eastern daylight time on August 2, 2004. Claims may also be delivered by hand or mailed to the Office. For complete information on all methods of filing claims, go to http://www.copyright.gov/fedreg/2004/69fr!_30577.html.

PART V

BIBLIOGRAPHY

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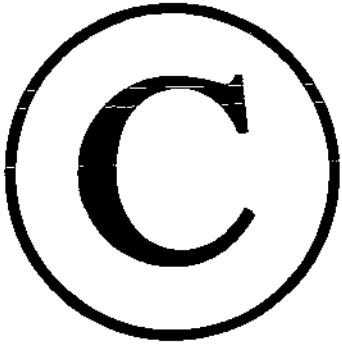
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FROM THE DESK OF THE EDITOR-IN-CHIEF

Volume 51, Issue Four begins with the 33rd Annual Donald C. Brace Memorial Lecture presented by The Honorable Marybeth Peters, Register of Copyrights on April 29, 2004. The Register's presentation, *Copyright Enters the Public Domain*, observes that the public is much more aware of copyright and much more involved in copyright issues than when she began her career at the Copyright Office in 1965. The Register makes the point that "technology is the biggest reason the consumer is now in this position." She states "When I say copyright has entered the public domain, I mean it is now on trial in the court of public opinion — the public is making judgments about whether copyright is a good thing or a bad thing." To "help copyright retain its good standing in the eyes of the public," the Register makes suggestions in three areas: "(1) legal and policy measures, (2) education, and (3) enforcement and licensing." The lecture reflects the Register's four decades of experience in the Copyright Office as well as that very special quality that is "Marybeth."

Part II, Articles, begins with *Legal Protection of Copy-Protection Mechanisms* by Martina Gillen and Gavin Sutter. The authors analyze "the EU/U.K. provisions on circumvention of copy-protection mechanisms and copyright management information, and consider[ ] their value in the protection of copyright." They ask the question "does the legal protection of these technologies fairly update the copyright system or simply further complicate and shore up an unhelpful, outdated concept that should have no place in the modern (online) world?" The authors conclude that the "control of circumvention technologies has been implemented without considering the impact this will have upon fair use, and the power it gives existing copyright holders over how users access and use their products and more worryingly over how technology develops."

In *The* Sine Qua Non *of Copyright*, Deborah M. Hussey blends art and copyright. For those less acquainted with the world of bronze sculptures, the article is an interesting and helpful tutorial. The author focuses on the sculptor Auguste Rodin and whether posthumous bronzes cast from "foundary plasters" meet the definition of "original" or are simply "reproductions of art."

In *It Had to Be Murder or Will Be Soon – 17 U.S.C. § 203 Termination of Transfers: A Call for Legislative Reform*, Stephen W. Tropp calls into question the wisdom of the "Termination of Transfer and Licenses" provision in 17 U.S.C. § 203. The author reviews the legislative history of the

1976 Act with respect to the author's "second bite of the apple." He also examines the uncertainty elements, as to who is the author, created by *CCNV v. Reid.* He suggests that the law must be changed to "provide the necessary predictability at the earliest possible moment."

This time the *Copyright Corner* is occupied by the Editor-in-Chief. *Maritime Disasters and Memorable Cases* examines the sailing lists of three ships lost in the early years of the twentieth century. Sailing on the doomed ships were four individuals each of whom was a party to a different and oft-cited case: John R. Binns, Isidor Straus, Lucy, Lady Duff-Gordon and Charles Frohman.

Issue Four concludes 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: beardj@stjohns.edu

Joseph J. Beard
Editor-in-Chief

PART I

BRACE MEMORIAL LECTURE

COPYRIGHT ENTERS THE PUBLIC DOMAIN

THE 33RD DONALD C. BRACE MEMORIAL LECTURE DELIVERED AT NEW YORK UNIVERSITY SCHOOL OF LAW ON APRIL 29, 2004

by THE HONORABLE MARYBETH PETERS
REGISTER OF COPYRIGHTS
U.S. COPYRIGHT OFFICE

PART I

Let me begin by thanking the Copyright Society for the honor of delivering the 33rd Donald C. Brace Memorial Lecture. I especially wish to acknowledge the efforts of Maria Danzilo and Gloria Phares, and I would be most remiss if I didn't acknowledge my colleagues at the Copyright Office. My deep thanks go to Jule Sigall, Associate Register for Policy and International Affairs, David Carson, General Counsel, and Policy Planning Advisor Mary Rasenberger for their wise counsel and assistance.[1]

For the past thirty-eight years I have devoted my professional life to copyright. This evening I will begin by looking back on those years and how the public perception of copyright has changed. I will then examine the impact of that changing perception on the development of copyright law and policy. My primary message, however, is not about the past — except to the extent that an important part of the message is that we're not in Kansas anymore, Toto; rather it's about the present and the future, and about how the rules have changed and will continue to change for those involved in copyright legislation, policy making, and litigation. My point will be that copyright was more or less invisible to the general public until the late 1990s, but, now, with the increasing impact and visibility of copyright, how the public views copyright will play a more significant role in how copyright law and policy are shaped in the future. I will conclude with some observations about where we go from here — now that copyright has entered the public domain.

I joined the Library of Congress in October, 1965. Shortly thereafter Barbara Ringer, who in 1973 would become the first woman Register of Copyrights, made a presentation on the Copyright Office to the Library's new employees. Her speech inspired me to seek employment in the Copyright Office, where on February 14, 1966 I became a music examiner. My

[1] Matthew Skelton of the Copyright Office also provided valuable research assistance in the preparation of the written version of this lecture.

job would require an understanding of copyright principles, knowledge of the 1909 copyright law and expertise in the Office's regulations and registration practices.

It was a wonderful time to be at the Copyright Office, there was much excitement about the massive effort to revise the copyright law; and, there was great optimism that there soon would be a new, much improved, forward-looking law. The optimism came from the belief that soon, for example:

- copyright would not be lost automatically by publication without notice or by failing to record an assignment before the new owner substituted his name in the copyright notice on subsequently published copies;
- that copyright protection would be automatic; and
- that conversion to a "life plus fifty" term for newly created works would move the United States closer to international copyright standards, such as those in the Berne Convention.

Of course, coming in 1966 meant I had missed a lot of the action. The Office's thirty-five studies on a comprehensive list of subjects had been completed and published. The Register had made two reports to Congress on the General Revision of the law.[2] Numerous meetings and discussions involving a number of participants who represented a range of affected interests had been held[3] and many of the Register's original recommendations had been modified and were reflected in the bill that was introduced in 1964.[4] Extensive hearings had taken place in both the House and the

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[2] *See* REGISTER OF COPYRIGHTS, 87TH CONG., REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW (COPYRIGHT LAW REVISION PART 1) (House Comm. Print 1961) [hereinafter REGISTER'S 1961 REPORT]; REGISTER OF COPYRIGHTS, 89TH CONG., SUPPLEMENTARY REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW (COPYRIGHT LAW REVISION PART 6) (House Comm. Print 1965).

[3] *See* REGISTER OF COPYRIGHTS, 88TH CONG., DISCUSSION AND COMMENTS ON REPORT OF THE REGISTER OF COPYRIGHTS ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW (COPYRIGHT LAW REVISION PART 2) (House Comm. Print 1963); REGISTER OF COPYRIGHTS, 88TH CONG., PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW AND DISCUSSION AND COMMENTS ON THE DRAFT (COPYRIGHT LAW REVISION PART 3) (House Comm. Print 1964); REGISTER OF COPYRIGHTS, 88TH CONG., FURTHER DISCUSSIONS AND COMMENTS ON PRELIMINARY DRAFT FOR REVISED U.S. COPYRIGHT LAW (COPYRIGHT LAW REVISION PART 4) (House Comm. Print 1964); REGISTER OF COPYRIGHTS, 89TH CONG., 1964 REVISION BILL WITH DISCUSSIONS AND COMMENTS (COPYRIGHT LAW REVISION PART 5) (House Comm. Print 1965).

[4] S. 3008, 88th Cong. (1964); H.R. 11,947, 88th Cong. (1964) (companion to S. 3008).

Senate in 1965, and many of the provisions that ultimately became the Copyright Act of 1976 were set. Yet in looking back at all of this activity, I cannot help but note that despite the enormous outreach efforts of the Copyright Office and the Congress, the public was not an active participant.

Coming to the Office in 1966 meant that I was there when the House of Representatives passed a revision bill in 1967,[5] and I rejoiced with the rest of the Office on that occasion believing that a new law would soon be in place. However, that elation quickly passed, and it took 9½ more years for legislation to finally be enacted, and at times it seemed that the revision effort could never succeed.

My experience between 1966 and 1978 was interesting and challenging. Of course, I had to learn the 1909 law with its many formal requirements: publication with notice, registration in the twenty-eighth year of the first term in order to secure a second, renewal term, recordation of assignments, and manufacture of certain works (for example, books and lithographs) in the United States. But I also studied the proposed new law and was impressed with the balance that was struck on so many difficult issues. I followed with great interest the remaining contentious issues — such as photocopying, educational uses, and cable television. I attended many hearings. Thus, I was most fortunate to have the opportunity to observe and meet many of the copyright luminaries of the day.

I had great role models and teachers in the leaders and supervisors of the Copyright Office. When I arrived in the Office, the Register was Abraham Kaminstein, who in 1960 succeeded Arthur Fisher and took over the revision activities; he issued both the 1961 and the 1965 Reports of the Register. Barbara Ringer, Assistant Register for Examining, was my division chief. From the beginning she had played a central role in revision, and has been called the "mother" of the 1976 Act.

From them and others I learned about the importance of copyright in the early history of our country; I became familiar with the Constitution's copyright clause empowering Congress "to promote the Progress of Science . . . , by securing for limited Times to Authors . . . the exclusive Right to their respective Writings. . . ."[6] That clause makes clear that the purpose of copyright legislation is to foster the growth of learning and culture for the good of the public — that the grant of exclusive (not limited) rights for a limited (not perpetual) time is the means to that end. I came to understand that the Founders of our country believed that by stimulating authors to create works and publishers to disseminate those works, the public would be benefited. The stimulation, of course, was the reward

[5] 113 CONG. REC. 8580-622, 8990-9022, 9208 (debates on H.R. 2512, 90th Cong. (1967)).

[6] U.S. CONST. art. I, § 8, cl. 8.

given to authors (and to publishers) for their labors and contributions to society. The *Federalist Papers* justified this approach by noting that in the case of copyright "[t]he public good fully coincides . . . with the claims of individuals."[7] Register of Copyrights Abraham Kaminstein said almost the same thing in his 1961 Report: that the interests of authors and the public generally coincide, and that "the ultimate task of the copyright law is to strike a fair balance between the author's right to control the dissemination of his works and the public interest in fostering their widest dissemination."[8]

I understood that the Founders chose to create a marketplace of "exclusive rights" which were secured to authors, and that market forces have played a key role in the enactment of all copyright laws. From the beginning authors and publishers have played an active part in the creation of copyright laws for these were the laws that would protect their livelihoods. Others, including well-known members of the bar and those who represented affected interests, were also present during the debates on the law.

In enacting legislation, Congress always focuses on what the scope of the law should be:

- which works are to be covered;
- what exclusive rights are to be granted, and what limitations should be put on those rights;
- how long should copyright protection last; and
- what the remedies should be.

Of course, the number of interested parties has grown as the subject matter of copyright law has expanded, and as new rights and limitations are sought and obtained. But the public perceived the copyright law as arcane and did not engage in the debate.

I believe the goal of the legislators and the Copyright Office — then and now — has been the enactment and implementation of a good, clear, well-balanced copyright law. Compromises are unavoidable. Carefully worked out compromises between legitimate but opposing points of view have been the norm. They may not represent the ideal solution, but they are necessary. Certainly, both the 1909 and 1976 acts were the subject of many compromises that frequently were the result of heated debates. In particular, from the invention of moveable type and the printing press, there have always been issues involving new technologies. New technologies create their own commercial interests and these interests become part of the copyright debate and balancing act. Nevertheless, copyright law was generally thought to be confined to a handful of industries and special interests. As I mentioned, consumers per se thought copyright an arcane

[7] THE FEDERALIST No. 43 (James Madison).
[8] REGISTER'S 1961 REPORT, *supra* note 2, at 6.

subject and did not participate in the process because they didn't perceive themselves as being affected by copyright law.

Since 1978 there have been numerous amendments to the copyright law, and again, for most of that time, the debates and compromises have been similar. The players and their interests expanded and again consumers per se, i.e., the public, were not directly part of the debate. During this period, the basic principles as reflected in the Constitution and in previous copyright laws were not challenged. The nature of the debate and the balancing of interests continued as they had in the past. For example, consider the creation of rental rights for software and sound recordings, where exceptions were created for educational institutions and libraries;[9] the extension of the copyright term in 1998 where a new termination right was created for the additional twenty years;[10] and a new exception for nonprofit libraries and schools created to allow use of certain works when they were no longer commercially available.[11]

PART II

So, what is different today? What has changed in the world of copyright that I just described — the world in which I (and many of you) have spent most of our professional careers? The answer is what I've tried to convey with the title of this lecture. Copyright has entered a new arena — the court of public opinion. Why? Because for the first time ordinary consumers have come face-to-face with copyright as something that regulates them directly, because technology allows them to be copiers and distributors on a scale and with such ease that has never before been present.

Let me illustrate this point with some examples. In the past, when an ordinary citizen (let's call her Jane) turned on her television, she received and enjoyed copyrighted programming without any fuss. She had no care whether those signals were being retransmitted pursuant to the Section 111 or 119 statutory licenses, or subject to marketplace negotiations. She did not care and had no clue whether the copyright in the program was registered with the Copyright Office. She was not even aware that her actions in turning on the TV set fell within the definition of "performance" under the 1976 Act.

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[9] *See* Record Rental Amendment of 1984, Pub. L. No. 98-450, 98 Stat. 1727; Computer Software Rental Amendments Act of 1990, Pub. L. No. 101-650, 104 Stat. 5089 (amending 17 U.S.C. § 109(b) to address the lending of sound recordings and software by educational institutions and libraries).

[10] *See* Sonny Bono Copyright Term Extension Act § 102, Pub. L. No. 105-298, 112 Stat. 2827, 2828 (1998) (adding § 304(d) to provide the new termination right).

[11] *See id.* at 2829 (amending § 108(h) to allow certain uses by libraries and schools).

Likewise, if Jane turned on the radio to listen to music, she had no clue that the broadcast station paid ASCAP, BMI or SESAC for the right to play the musical composition over the air. She probably couldn't care less that the recording could be played because no public performance right for sound recordings existed in the United States, and that such exemption was an anomaly throughout the world.[12] (Jane might be persuaded that that situation was unjust and should be corrected, but it would probably not be high on her list of concerns.) She also was completely unaware of the many complicated relationships between the record company, music publisher, composer, and recording artists. All of that — the stuff of copyright that we all live with and care about — was invisible to the ordinary consumer of copyrighted works.

Compare those experiences with those of an ordinary consumer today (let's call him John) who hears that there's this great new way to get music on the Internet. He goes to a website (whether it be Napster in 1999 or KaZaa today), and downloads a piece of software which he installs on his computer. He runs the software and it lets him type in search terms, and lists of songs (or videos or any other digitized works) start appearing on his screen. John clicks on the ones he likes and they are downloaded to his computer, and, he can start enjoying them immediately. This experience is not much more complicated than turning on your TV or radio and tuning in a station, particularly for those in the younger generation who are good with gadgets. It is not very different from Jane's experience in turning on the television or radio.

As we all know, however, there is a substantial difference between John's and Jane's experience in terms of copyright. The peer-to-peer software he is using to get music makes copies that he can keep and use indefinitely, without payment to the copyright owner, and it is also making available all of the music he has on his computer to other users on the system. John may not know this exactly, but that's what's happening. In copyright terms, he has become a distributor of copyrighted works as well as a mere consumer. For good reason, the copyright owner is much more likely to see John as a defendant and infringer rather than a consumer or customer, and bring to bear all of copyright law down on him. And, this is what has actually happened as the recording industry has brought suit against individual consumers who use peer-to-peer technology to copy and distribute their recordings without permission.[13]

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[12] Note, however, that a limited performance right exists for digital transmission of sound recordings. *See* Digital Performance Right in Sound Recordings Act of 1995, Pub. L. No. 104-153, 110 Stat. 1386 (adding § 106(6) to provide this new limited right).

[13] Frank Ahrens, *Music Industry Sues Online Song Swappers*, WASH. POST, Sept. 9, 2003, at A1.

John will have to interact with copyright law much more than Jane ever did, especially if he is sued by a copyright owner. In that case, he will care much more about the scope of rights and exemptions and limitations in copyright, hoping to find a provision that might make him not liable.[14] He should care about whether the music he copied was registered with the Copyright Office, because it could determine whether he has to pay statutory damages and attorney's fees.[15] He will care about whether the persons suing him actually own the copyrights they claim, because that too might help him avoid liability, at least for a little while.

John's experience with copyright law will be very different from Jane's. When viewed in this light it is no surprise that John and others like him would view copyright in a negative light.

The fact that consumers are actually being sued is a key difference between the past and present. Many thought that would never happen. For example, in his book, *Copyright's Highway*,[16] Professor Paul Goldstein tells the story of the *Williams & Wilkins* case.[17] He does so brilliantly, turning a dry copyright litigation into high legal drama. At one point he describes the oral argument before the Supreme Court, where Alan Latman represented copyright owners in a suit brought against the National Institutes of Health ("NIH"). The claim was based on the photocopying of journal articles by NIH employees without permission of the copyright owner, under a claim of fair use.

Professor Goldstein describes how Latman was grilled by Chief Justice Burger and Justice Marshall on how far his theory of liability would extend. They asked whether an individual who used a photocopier to make a copy for his private use would be liable for copyright infringement. Latman responded by saying: "Nobody would sue. And I think that's quite significant here, because it's impractical for anyone to sue."[18]

Well, today, individuals have been sued. And, it is certainly the case that the circumstances are much different — copying and distribution over a world-wide network of near-perfect copies is much more invasive to copyright and threatening to the copyright owner's interests than the isolated reproduction of a single article in hard copy. Nevertheless, the Justices in the *Williams & Wilkins* case were clearly concerned about applying copyright law to individual conduct. The answer given by proponents of copyright in 1974 was that most likely, we won't confront that situation, so

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[14] *See, e.g.*, 17 U.S.C. § 107 (2000) (fair use).

[15] *See id.* § 412.

[16] PAUL GOLDSTEIN, COPYRIGHT'S HIGHWAY: FROM GUTENBERG TO THE CELESTIAL JUKEBOX (2003).

[17] Williams & Wilkins Co. v. United States, 420 U.S. 376 (1975).

[18] GOLDSTEIN, *supra* note 16, at 95.

we don't have to consider what it means to copyright law. We can't avoid that situation anymore.

Former Register Barbara Ringer anticipated this problem as well. I was there when she gave testimony on the 1971 Sound Recordings amendment, and the question put to her was whether the new federal protection for sound recordings would apply to a teenager's recording of music off the radio with a tape recorder. Her response was:

> No it would not. . . . The answer I have given and will give again is that this is something you cannot control. You simply cannot control it. My own opinion, whether this is philosophical dogma or not, is that sooner or later there is going to be a crunch here.[19]

Well, the crunch is now.

Technology is the biggest reason the consumer is now in this position. The current technology allows so-called "private copying" to occur more frequently and on a more widespread basis than Alan Latman or Barbara Ringer probably ever anticipated. They also likely did not anticipate how technologies like peer-to-peer would so easily and seamlessly turn "private copying" into "public distribution" by connecting everyone's collections of private copies on their hard drives.

But their statements also highlight how a different aspect of technology plays a role. They both thought that it would be impossible or impractical for a copyright owner to enforce its rights against individuals who infringed its copyright. They probably thought that it would be very hard, if not impossible, to detect the infringement. Technology, however, makes that much more possible — an individual's activity on peer-to-peer networks can be monitored and logged by the same computers that make the reproduction and distribution possible. This gives copyright owners a possibility of enforcement that they did not have before.

In the past, therefore, even if a consumer infringed copyright by making a photocopy for himself or making a "mix tape" for friends, in all likelihood no copyright owner could ever know about it. Today, however, if that activity takes place on the Internet, there is the possibility, however slim, that a copyright owner will discover it and perhaps do something about it. So, it is not just the fact that technology gives consumers the power to copy and distribute works, it also gives copyright owners the power to discover them doing it.

Let me be clear about one thing. In making these observations, I don't want to imply that I think the consumer activity I've described is not or should not be considered copyright infringement. Indeed, I recently

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[19] *Prohibiting Piracy of Sound Recordings: Hearings Before Subcomm. No. 3 of the House Comm. on the Judiciary*, 92nd Cong. 22 (1971) (testimony of Barbara A. Ringer).

testified before the Senate Judiciary Committee that the recording industry should not apologize for its efforts to enforce copyright against the users it determines are infringing hundreds and thousands of their recordings.[20] There is no question, in my mind, that reproducing and distributing copyrighted works by way of a peer-to-peer service without permission of the copyright owner is copyright infringement, and copyright holders are entitled to enforce against that infringement. And, as I'll discuss in a few moments, recent unfortunate developments in case law governing secondary liability have forced copyright owners reluctantly to conclude that they may have no choice but to take action against individual users in the peer-to-peer environment.

My point is that this is a change from the past, and we all need to be sensitive to how that change will be perceived — by the public, by the courts, by legislators. Copyright owners could be entirely within the letter and spirit of the law in their enforcement efforts, but there is a broader issue at stake here beyond enforcement of copyright in a particular circumstance.

That issue is whether the public understands and agrees with the purpose of copyright — whether they feel like copyright is in their interest as well as copyright owners' interests. When I say copyright has entered the public domain, I mean it is now on trial in the court of public opinion — the public is making judgments about whether copyright is a good thing or a bad thing. If they end up concluding that it is a bad thing — that it is an obstacle rather than an enabler of their access to creative works, then it won't matter how right on the law copyright owners are — either the courts or Congress will begin to reflect that public sentiment, and the copyright owners could soon find that the law has been changed.

Several recent examples come to mind. A computer printer manufacturer has brought claims under the Digital Millennium Copyright Act ("DMCA") against a company that remanufactures its printer cartridges.[21] A manufacturer of garage door openers brought claims under the DMCA against a maker of a universal remote control for garage door openers.[22] A company that manufactures electronic voting systems attempted to use the DMCA to prevent students from posting on the Internet its internal e-mails that highlighted problems with those voting

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[20] *Pornography, Technology, and Process: Problems and Solutions on Peer-to-Peer Networks: Hearing Before the Senate Comm. on the Judiciary*, 108th Cong. (2003) (statement of Marybeth Peters), *available at* http://www.copyright.gov/docs/regstat090903.html.

[21] Lexmark Int'l, Inc. v. Static Control Components, Inc., 253 F. Supp. 2d 943 (E.D. Ky. 2003).

[22] Chamberlain Group, Inc. v. Skylink Techs., Inc., 292 F. Supp. 2d 1040 (N.D. Ill. 2003), *aff'd*, 381 F.3d 1178 (Fed. Cir. 2004).

systems.[23] Even the New York Times sent a DMCA notice to the service provider of a Web site that was posting a parody making critical commentary of the newspaper's reporting and its corrections policy.[24]

Plausible arguments could be made in each of these examples that the DMCA and copyright law supported the positions taken by the lawyers and parties involved, so it is hard to say that they had no right to take these actions. However, they strike the public and many observers as heavy-handed and nonsensical, to say the least, and give fuel to those opposed to the DMCA and other efforts to provide meaningful protection to copyright in the digital environment. It helps undermine support for recent enactments like the DMCA, and has prompted copyright skeptics to question whether copyright as we know it should be radically changed or even discarded.

Copyright owners have also succeeded in convincing Congress to enact legislation that is favorable to their interests but that is perceived by the public as overreaching and against the public interest. The most obvious example is the Sonny Bono Copyright Term Extension Act,[25] which extended the term of copyright by twenty years in 1998. Although the opposition to term extension was not very vocal prior to its passage, the legislation turned out to be a poster child for critics of copyright law who claimed that a captive Congress had enacted legislation that conferred a significant benefit on copyright owners while harming the public interest in general by freezing the public domain. Whatever the merits of term extension — and the merits in terms of copyright principles were slim — term extension helped to mobilize an outcry against copyright law that has gone on to address issues far beyond term extension itself. It launched one of the first constitutional challenges to copyright law,[26] and although that challenge was rejected by the Supreme Court, other constitutional challenges have been mounted in its wake.[27] The day may come when even the most aggressive copyright owner rues the day that term extension

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[23] A few months after this lecture was delivered, however, a court awarded damages against this company under § 512(f), another provision added to title 17 by the DMCA. *See* Online Policy Group v. Diebold, Inc., No. C 03-04913 JF, 2004 U.S. Dist. LEXIS 19697 (N.D. Cal. Sept. 30, 2004).

[24] *See* Robert Cox, *A Tough Time for Parody*, N.Y. DAILY NEWS, Mar. 12, 2004, *available at* http://www.nydailynews.com/03-12-2004/business/story/172603p-150473c.html; Sarah Colombo, *Parody of New York Times Correction Page Can Stay*, USC Annenberg OnlineJournalism.com, *at* http://www.ojr.org/ojc/topics/brief.php?briefID=69495 (Mar. 17, 2004).

[25] *See supra* note 10.

[26] *See* Eldred v. Ashcroft, 537 U.S. 186 (2003).

[27] *See, e.g.*, Golan v. Ashcroft, 310 F. Supp. 2d 1215 (D. Col. 2004); Luck's Music Library, Inc. v. Ashcroft, 321 F. Supp. 2d 107 (D.D.C. 2004); Kahle v. Ashcroft, No. C 04-1127 BZ (N.D. Cal. filed March 22, 2004).

was passed, because the fallout may outweigh whatever benefit copyright owners might ultimately receive.

The much-maligned DMCA has also been the subject of constitutional challenges.[28] I believe the DMCA is good legislation that remains necessary today, and I don't believe copyright owners should or will regret its enactment. But I have heard it said by people whose views I respect that in the current political environment — only five years after enactment — it would be impossible to enact the DMCA today. Whatever you think of the DMCA — and I think highly of it — there is no question that it's very controversial and has caught the attention of the public, and — however misunderstood it might be — it is not viewed favorably by most.

There are other differences from the time I describe at the beginning of my talk. Back then most everyone agreed on copyright's core principles — the debate was essentially how the specific rights and exemptions should be crafted and how the system would work. Even those seeking exemptions and limitations agreed that copyright in general was a good thing that needed to be maintained, and that it served the public reasonably well. But when I speak of "everyone" thirty or forty years ago, I'm speaking of a very different group of people than "everyone" we think of today. Back then "everyone" consisted largely of organizations representing the interests of copyright owners (such as book publishers, motion picture studios, and authors) and the large institutional users of copyright (like libraries, educational institutions and broadcasters). The public was not directly involved in — or even aware of — the making of copyright policy: the user organizations often served as a proxy for the public's interest in copyright matters.

Of course, there were heated and acrimonious arguments about copyright, which Barbara Ringer satirized in her 1974 speech and subsequent article *The Demonology of Copyright*.[29] She said:

> It is easy to make fun of the kind of confrontation I am talking about, where the mere mention of a word like "monopoly" or "property" will cause chairs to be pushed back from tables, faces

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[28] *See, e.g.*, Universal City Studios, Inc. v. Corley, 273 F.3d 429 (2d Cir. 2001); *In re* Verizon Internet Servs., Inc., 257 F. Supp. 2d 244 (D.D.C.), *rev'd on other grounds sub nom.*, Recording Indus. Ass'n of Am. v. Verizon Internet Servs., Inc., 351 F.3d 1229 (D.C. Cir. 2003); *In re* Charter Communications, Inc., No. 03-3802 (8th Cir. argued June 17, 2004).

[29] Barbara Ringer, *The Demonology of Copyright, R. R. Bowker Memorial Lecture* (Oct. 24, 1974), *in* MODERN COPYRIGHT FUNDAMENTALS: KEY WRITINGS ON TECHNOLOGICAL AND OTHER ISSUES 24 (Ben H. Weil & Barbara F. Polansky eds., 1985).

> to redden, breathing to shorten and bitter words to be exchanged.[30]

Today the tone of the debate may be the same, but the substance is different. Copyright skeptics are not simply arguing for limitations on the scope of copyright in certain areas — many argue that all recent copyright laws, even going back to the 1976 Act, are simply the product of copyright industry lobbying and therefore illegitimate, or at least should be viewed as such by the public. The *New York Times Magazine* recently featured an article entitled "The Tyranny of Copyright?"[31] which captured the views of the more radical copyright skeptics. In their view copyright is not only flawed; it is actually harmful to the public.

These views are perhaps best exemplified by the writings of Professor Lawrence Lessig.[32] Although many of you probably disagree with his views, Lessig's articulation of the position of copyright skeptics has been persuasive to many, especially to those from outside the traditional copyright communities, like those in the technology industry. The challenge is to determine what makes them persuasive to those groups, and which of his views are persuasive for good reasons.

For example, Lessig complains that the automatic protection provided by the 1976 Act may protect too much, and makes it hard for subsequent creators to clear rights to works, even though those works likely are "orphan works" for which no copyright owner can be found. Because I was around in 1976 when this fundamental change was made to copyright law, I know it was made for good reason — the formalities of the 1909 Act and the draconian penalties for failure to meet them served largely to unfairly deny protection to authors. Eliminating many of those formalities has served to open copyright up to a much broader range of creators, particularly those who might not have the resources to comply with strict formalities. It was also an essential first step toward the United States becoming a full member of the international copyright community, because almost seventy years earlier the Berne Convention had prohibited formalities.

Nevertheless, I understand Professor Lessig's concern that the current system might be erecting needless obstacles to subsequent creators. I agree with him that new technology offers an exciting new way for people to be creators, allowing an individual to be author *and* publisher, without relying on a middleman to distribute his or her works to consumers. When that individual seeks to clear rights to works she would like to use or

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30 *Id.*

31 Robert S. Boynton, *The Tyranny of Copyright?*, N.Y. TIMES MAG., Jan. 25, 2004, at 40.

32 *See, e.g.*, LAWRENCE LESSIG, FREE CULTURE: HOW BIG MEDIA USES TECHNOLOGY AND THE LAW TO LOCK DOWN CULTURE AND CONTROL CREATIVITY (2004).

adapt, she may find she wants to use works that have been "orphaned" — in other words, she cannot locate the copyright owners for such works, and thus cannot obtain permission to use them.

In these circumstances it may be appropriate to examine whether a mechanism could be created to allow use of these orphan works, particularly because it seems to be a situation where no one really objects to their use. The Copyright Office hopes to study this issue in the coming months. Of course, we need to make sure that any such mechanism does not needlessly impair the rights of copyright owners and is fully consistent with our international copyright obligations.

The Copyright Act already has provisions in it addressing situations like the orphan works issue. Section 108(h) permits a nonprofit library, educational institution or archive to reproduce, distribute, display or perform copies of a work, including in digital format, during the last twenty years of copyright, so long as that work is not commercially available.[33] This provision was enacted as part of the Copyright Term Extension Act of 1998 to help ensure public access to works for which copyright term was extended. The Copyright Office facilitated negotiations between libraries and copyright owners over this provision. Unfortunately, the terms of Section 108(i) make it inapplicable to motion pictures, musical works and pictoral, graphic and sculptural works, even though the intent was that the provision would apply to all types of works. Thus, an amendment to Section 108 is necessary to correct this error.

Where I have the most disagreement with Professor Lessig is his view that the system of exclusive rights provided under copyright does not work in this new environment — that it will establish a "permission culture."[34] Many in the academic community think copyright as we know it should be replaced with a different system, like one that collects levies or taxes from device manufacturers or Internet service providers and pays those out to authors. Others call for much broader compulsory licenses, where control over the work is removed from the author in exchange for royalties and terms established by statute or arbitration proceedings.[35] At the root of these proposals is the notion that the "exclusive right," i.e., the right of an author to say no, is no longer appropriate in the digital age.

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[33] *See* 17 U.S.C. § 108(h) (2000).

[34] *See* Lawrence Lessig, *Commentary: The Creative Commons*, 65 MONT. L. REV. 1, 12 (2004).

[35] *See, e.g.*, Neil Netanel, Impose a Noncommercial Use Levy to Allow Free P2P File-Swapping and Remixing (unpublished manuscript), *available at* http://www.utdallas.edu/~liebowit/knowledge_goods/netanal%20levy.pdf (Nov. 15, 2002); William Fisher, Digital Music: Problems and Possibilities (unpublished manuscript), *available at* http://www.law.harvard.edu/Academic_Affairs/coursepages/tfisher/Music.html (Oct. 10, 2000).

I disagree. Copyright is not only about compensation — it is also about control. In fact, history has proven that control is the key to compensation — in the Office's experience with compulsory licenses, authors almost always receive less compensation than they would have received in the marketplace of exclusive rights. They also require the government to get involved in setting prices — something that is very difficult (if not impossible) to do, especially in fast-paced, technology-driven markets.

I think the Founders knew exactly what they were doing when they made explicit in the Constitution that Congress was to "promote the Progress of Science" by securing to authors an "exclusive Right." The drafters of that clause did not say that Congress should promote Science by establishing a "right of remuneration" for authors, or taxing printing equipment to pay authors. They understood that individual rights, especially property-like rights, were the key to establishing a stable and productive society. They trusted copyright owners to use those rights for the public good, by offering books and other creative works to the public.

The system they established has served our country well for over two centuries, and it should not be so lightly discarded. It may turn out that enforcement of copyright becomes so impractical that the only way to assure compensation to authors would be through a compulsory license or levy approach. But if we reach that point eventually — and we certainly haven't reached it yet — we will have lost something very important.

On the other hand, it's important for copyright owners to fulfill their end of the bargain with the public — to use the exclusive rights they've been granted to provide the public with convenient access to their works. To *have* a right does not mean that you should *assert* that right (and all of its remedies) whenever you can.

Even where consumers are not being sued directly, they may still have a negative reaction to copyright and its enforcement. For many, especially in the younger generation, they see copyright as the law that shut down Napster, a music service that was very popular and easy to use. It was hard for them to see how copyright was enabling new business models, because, frankly, the music industry was much too slow at providing consumers with access to music using the exciting new technologies of the Internet. Part of the problem was that the various segments of the music industry — record companies, recording artists, music publishers and composers — engaged in internecine conflict among themselves over Internet distribution, often taking extreme positions against each other asserting their copyright rights. These battles only served to reinforce the notion that copyright is not about licensing new uses but about protecting old business models.

Recently, progress on that front has been very good — several new services such as Apple's iTunes and RealNetworks's Rhapsody appear to

provide consumers with convenient and inexpensive access to a wide variety of music, and they seem to be very popular. Let's hope that these and other services attract consumers away from the illegal services. If these legitimate services succeed, they will go a long way towards helping convince the public that copyright is a good thing.

It also hasn't helped that copyright owners have sometimes fallen into the bad habit of relying on rhetoric rather than substance and action to justify their copyright. A good example of this comes from the recent oral argument in the *MGM v. Grokster* case.[36] There, an attorney for copyright owners argued that the defendants were enabling the "theft" of their copyrighted works. That was not an unreasonable characterization of the defendants in that case. However, one of the judges on the panel doesn't share this view. He responded this way:

> Let me say what I think your problem is. You can use these harsh terms, but you are dealing with something new, and the question is, does the statutory monopoly that Congress has given you reach out to that something new. And that's a very debatable question. You don't solve it by calling it "theft." You have to show why this court should extend a statutory monopoly to cover the new thing. That's your problem. Address that if you would . . . rather than use abusive language.[37]

As I noted before, the negative public reaction to a legally-justified action by a copyright owner could very well have an effect on judges. Although we need to wait and see how the Ninth Circuit rules in the *Grokster* case, Judge Noonan's reaction may very well be an example of such an effect.[38]

I understand and share the frustration that copyright owners feel when they read headlines like "The Tyranny of Copyright?" and Internet articles on how terrible copyright and copyright owners have become. This false conventional wisdom obscures the reality about being a copyright owner today versus being one thirty years ago. As we are in a presidential election year, we might ask the question: Are copyright owners better off now than they were thirty or forty years ago? I think the answer, on balance, is no. Technology has given infringers far greater ability to harm authors and copyright owners' interests than they had a few decades ago. In fact, it has made it possible for persons who don't think of

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[36] Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 259 F. Supp. 2d 1029 (C.D. Cal. 2003), *aff'd*, 380 F.3d 1154 (9th Cir. 2004).

[37] Sound recording: Oral Argument in *MGM v. Grokster* before the Court of Appeals for the Ninth Circuit, No. 03-55894 (Feb. 3, 2004) (on file with author).

[38] Consistent with Judge Noonan's skepticism of the copyright owners' claims in *Grokster*, after this lecture was delivered, the Ninth Circuit affirmed the district court opinion. *See supra* note 35.

themselves as infringers — and who would not have had the opportunity a few decades ago to become infringers — to become just that. To the extent amendments to the law have increased copyright owners' rights, it has largely been in response to this phenomenon — and the response has been inadequate to the task, leaving copyright owners further behind than they were before.

The public's reaction to copyright has not been all negative, and technology is not always a detriment to copyright in this new age. If we look back only a decade ago at how the public obtained access to copyrighted works, we find a great success story of copyright and new technology. Take books for example. In the past decade we've seen the advent of online bookstores like Amazon.com, which allow the easy purchase of books from a greater selection than was available anywhere in 1994. Now you can even search the full text of a wide array of books on Amazon when looking for ones to purchase — a new service they have launched with permission of the copyright owners in those books. Ebooks are also available, and audiobooks are available in digital formats that can be downloaded to personal audio devices. There is no question that it is decidedly easier for the public to get access to books now than ten years ago.

A similar story can be told for audiovisual works and motion pictures. The DVD has been a huge success — a recent *New York Times* article profiled people who have spent up to $30,000 building their private DVD collections.[39] The DVD also prompted popular new rental businesses, which allow consumers to rent DVDs by mail.[40] Digital cable and satellite services became widespread, providing more choice and convenience for consumers, and motion pictures are now being made available over the Internet by authorized services like Movielink, iFilm, CinemaNow and Movieflix.

Even for music, which has been the subject of so much debate, litigation and controversy, the public's access has been substantially improved in the last ten years. The new download services like iTunes and Rhapsody allow users to enjoy music on their computers, in portable devices or on the traditional CD format. Internet webcasters provide digital performances of music. Satellite radio services like XM and Sirius provide another means for the public to enjoy music. Digital cable radio services like Music Choice are also available, and digital broadcast radio is just around the corner. These options were not available ten years ago.

Additionally, not only can the public purchase and enjoy works over the Internet, but they can and do use it to discuss the works with others,

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[39] Katie Hafner, *Let's All Gather Round the Screen*, N.Y. TIMES, Feb. 5, 2004, at G1.

[40] *See, e.g.*, Leslie Walker, *Wal-Mart Follows the Netflix Model*, WASH. POST, June 15, 2003, at F7.

learn more about the authors or artists, and sometimes even communicate directly with them. This type of interactivity increases the public's enjoyment and appreciation of creative works.

So there certainly is a positive case to be made to the public about copyright in this new digital age. I think the public needs to be reminded of the fact that copyright has been instrumental in encouraging these new services they enjoy — because when copyright works well it is largely invisible to the ordinary consumer.

But this success can be a double-edged sword. Due to the increased access and interactivity with creative works the public now enjoys, they now have very high expectations about what they should be permitted to do with those works. They are no longer satisfied with the traditional models of distribution — such as broadcast radio or television — that left them in a relatively passive role. Now they expect to be able to interact with the works they love — copy them to portable devices, share them with family and friends, record them for later enjoyment, watch or listen to them on devices in their house and car. Some would like to modify the works and add their own creative expression to the works. These heightened expectations are borne of a very good thing — people feel very strongly about the creative works they enjoy. For many, the books they read, the music they listen to, and the movies they like are an integral part and expression of their personality and identity. These expectations, however, can be directly at odds with the copyright rights granted to authors, and are a source of the conflict we have today.

So there is no question in my mind that we are now in the "crunch" that Barbara Ringer predicted. That crunch is the sound of copyright entering into the public domain — colliding with the expectations and perspectives of a public that heretofore didn't have to pay much attention to it. What can we do to ease the crunch, and help copyright retain its good standing in the eyes of the public?

PART III

My suggestions break down into three areas: (1) legal and policy measures; (2) education; and (3) enforcement and licensing. These ideas won't solve all the problems — it will take a lot of work and lots of different efforts to do that. What I will try to do tonight is highlight some areas where important steps could be taken.

First, on legal and policy measures. One issue in the center of controversy around consumers and copyright is third-party liability — the doctrines of contributory infringement and vicarious liability. Historically, these doctrines have served to help copyright owners enforce copyright in situations where enforcement against direct infringers is difficult or impossible. They also serve to place copyright liability, and thus responsibility

for understanding and complying with copyright law, on those persons that have the resources and sophistication to deal with them — and, to put it bluntly, should know better.

In the Internet context, sensible application of third party liability doctrines would take the copyright burden off the consumer and place it on the companies that actually make the infringement possible, and who largely control the nature and extent of the infringement that takes place. In my earlier examples concerning Jane, the broadcasters who make the television and radio programs available are the ones upon whom the copyright burden should fall — the consumer is properly removed from the copyright equation.

In the example of John and peer-to-peer, a similar result should occur. Although as a technical matter, the copying and distribution is performed by John, the consumer, the peer-to-peer services are the "prime movers" of this infringement. They've coded their software to perform the way it does, and they alone (if they choose) could monitor and limit the infringement that takes place on their services.

I believe existing third-party liability doctrines are flexible enough to place liability on new services where it is appropriate and deserved. Unfortunately, the trial court in the *MGM v. Grokster* case took an overbroad view of the Supreme Court's decision in the *Sony* case[41] and refused to find liability on the Grokster and Streamcast peer-to-peer services. The Ninth Circuit, or even the Supreme Court, may and certainly should correct this result, and reaffirm the role of third-party liability doctrines in regulating Internet services that rely on copyright infringement for their business.[42] If the courts do not correct this result, Congress may have to address this issue.

Put simply, if the peer-to-peer services — the middlemen — can be held liable for the infringements that take place on their services, then copyright owners would have no need to sue individual consumers. If le-

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[41] Sony Corp. v. Universal City Studios, Inc., 464 U.S. 417 (1984).

[42] In August 2004, four months after this lecture was delivered, the Ninth Circuit affirmed the district court's ruling in *Grokster*. The Ninth Circuit's ruling adopts an extremely broad view of the *Sony* decision, in contrast to the more balanced view adopted by Judge Posner in the *Aimster* case, and it leaves copyright owners with no effective remedy against those who intentionally create and profit from the sale of infringement tools that are causing massive amounts of infringement, so long as they can conceive of some nontrivial noninfringing use for those tools. As I suggested in the main text, the Supreme Court should review the *Grokster* case and resolve the conflict to establish appropriate rules for secondary liability, thereby continuing the important role it has played several times in the development of copyright law. For my further thoughts on the Ninth Circuit's decision in *Grokster*, see the postscript to this lecture *infra*.

gitimate peer-to-peer services prove viable, then negotiations could take place between copyright owners and peer-to-peer services, and consumers could rest assured that the material available on them was licensed and legitimate.

But, if this issue is placed before the legislature, a cautionary note is in order. As I mentioned earlier, the political context in which copyright legislation is made today is very different from the past, in part because of technology. The public has much more ability than in the past to monitor what Congress is doing and participate directly in the debates before it. Most hearings and other meetings are webcast over the Internet, copies of bills are available on the Library of Congress' Web site, e-mail can be used to communicate with Members, and Web sites can be developed to build support for a position. These are all very good things for democracy, but it raises the stakes in the debate over copyright in the public arena. If the public develops a negative view of copyright, today they have much more facility to express that view to Congress.

The second area is education. Obviously, as copyright enters the public domain, and more people are exposed to it, it's critical that they understand what it is and where it comes from. But simply telling the public (especially the younger generation) that using peer-to-peer is "theft" or "piracy" does not have much effect. As many have asked, why is it that millions of people who would never steal a CD from a record store have no reluctance at using a peer-to-peer service to download the same music and burn it to a CD without paying?

That is the central question that should be addressed in any education program. I think part of the answer was suggested by Justice Holmes about 100 years ago. In his concurrence in the *White-Smith v. Apollo* case,[43] Holmes tried to explain the nature of copyright. He began by describing it as property, but quickly noted the important differences between tangible property and copyright. He explained that copyright:

> [R]estrains the spontaneity of men where but for it there would be nothing of any kind to hinder their doing as they saw fit. It is a prohibition of conduct remote from the persons or tangibles of the party having the right. It may be infringed a thousand miles from the owner and without his ever becoming aware of the wrong.[44]

The difference between a consumer's actions in the record store and on the Internet is the "remoteness" of the copyright owner. In the record store, the copies are tangible, and everyone understands that they are property, and by taking one the store owner is deprived of inventory and a

[43] White-Smith Music Publ'g Co. v. Apollo Co., 209 U.S. 1 (1908).
[44] *Id.* at 19.

potential sale. Also, the clerks and security guards are there to prevent people from taking copies without paying — they are not remote. On the Internet, however, even the copies are intangible to the user, as making a copy does not deprive anyone else of their copy. There, copyright law is truly remote — Holmes' reference to the copyright owner being a thousand miles away is particularly apt. This is true in other areas of interaction over the Internet — people are often tempted to say things in e-mail or blog comments about someone that they would never say in person, face-to-face.

As copyright lawyers, we know that the difference between tangible and intangible, remote and immediate is not legally relevant — in fact, copyright is even more necessary in the intangible, remote world because copyright owners cannot use physical constraints to control their property. But these are legal distinctions lost on the general public. We need to do more than simply make the legal point.

So, what needs to happen? We need to bring authors and publishers closer to the home, make them less remote, so that people might think about their interests when they venture out online in search of creative works. We also need to explain how works are the result of substantial investment of time, money and resources of dozens or scores of people who are by no means superstar actors or singers. The campaign by the motion picture studios[45] is a good start — it shows how many ordinary people are involved in the making of a motion picture, and how they ultimately depend on copyright to make their living. IFPI, the international recording industry association, has developed short pieces with artists describing how the work of many people goes into recording an album.[46]

Many DVDs now have "bonus discs" that show how the film was made, and these appear to be popular. This might be a useful vehicle to explain how copyright provides the engine for all of the investment and energy the public sees in these mini-documentaries. Showing all forms of authors — songwriters, novelists, photographers, poets, sculptors — at work at their craft and how much time and effort they invest would help the public understand why copyright is necessary — and why their compliance with copyright serves the public good.

We are in the midst of the Copyright Awareness Month, and the Copyright Society and its members have volunteered their time to engage the public on copyright and discuss these issues. These are invaluable efforts that need to continue — any educational effort needs to come from various sources, not just the copyright industries. One of the Copyright Of-

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[45] *See* Respect Copyrights.org, *at* http://www.respectcopyrights.org/content.html (last visited Oct. 12, 2004).

[46] *See* Pro-Music, *at* http://www.pro-music.org/makingmusic.htm (last visited Oct. 12, 2004).

fice's important public service roles is education of the public on copyright, and we are always looking for ways to explain copyright to those who are new to it. I am particularly proud of our Web site, www.copyright.gov, which I think is one of the best in the government at providing useful information in a convenient, easy-to-use format.

In all of these educational efforts, we have to keep in mind that the audience is different than in the past. Most of the people in this room have had the experience of trying to educate a group about copyright law, but these talks usually occur to groups which have a background in law. For those of us who have ventured outside the legal arena to speak about copyright law, such as to students in high school or college, we know that it is a very different experience, and the approach we take is very different.

Copyright's entrance into the public domain will require making the case for copyright with less reliance on legal argument. I think Professor Lessig has been successful at garnering a lot of attention for his ideas because he makes his points in ways that are accessible to the general public. Unfortunately, in his effort to develop catchy, quotable points, he sometimes overlooks or misstates important legal or historical points about copyright law. The challenge we face in our educational efforts is to be accurate about the law, but in a way that is persuasive to those without any legal training. I think that focusing on the creator and the long, successful history of copyright in supporting creators and those in the copyright industries can make these points in a compelling way.

Finally, I would like to offer some suggestions in the area of enforcement and licensing. In many ways this area goes hand in hand with education, because, as the old saying goes, "actions speak louder than words." No matter how great an educational campaign is, much of the public's view of copyright will depend, as it has for many years, on how those who rely on copyright act in the marketplace.

For example, there seems to be no question that the recording industry's decision to file lawsuits against individual users of peer-to-peer technology has had a dramatic effect on the public's perception of copyright. While many argue over whether that effect has been positive or negative, the lawsuits made clear to the public that copyright is taken very seriously by the record companies, and that they, the public, must start taking it seriously too. I think some of the "remoteness" of copyright that Justice Holmes described was reduced when individuals began to face copyright liability directly for their actions.

In fact, I think that such enforcement activities serve a positive educational function. A year or two ago, it was plausible for a consumer engaging in peer-to-peer distribution of copyrighted works to claim ignorance or surprise if confronted with the proposition that what he or she was doing

was illegal. In the wake of the recording industry's campaign of subpoenas and lawsuits, it would be disingenuous to make such a claim today.

On the other hand, although enforcement can provide meaningful education, in many ways copyright works best when it's not particularly visible to the public. The recording industry's hesitation about suing individual users was well-founded. Only when it became apparent that there were questionable prospects of relief against the businesses that are making money by providing the means of infringement did the record companies decide that they had no choice but to file suit against peer-to-peer participants. When it is the public that bears the brunt of the prohibitions of copyright law, you can't expect the public to be enthusiastic supporters of that law.

Similarly, as I mentioned earlier, the public has very high expectations about how they would like to obtain and interact with creative works, and they will watch very carefully how copyright owners provide this access to them in the form of new services and products. If these expectations are met, then copyright would likely be seen as a good thing, even without any educational campaign. Certainly, some consumers might have too many demands that can be met, especially those who are accustomed to getting copyrighted works for free. But the give and take that results from these competing demands is what the marketplace is all about, and copyright has shown remarkable resiliency in being an important part of that marketplace.

Related to all of these — enforcement, education and licensing — is technology, as it is used by copyright owners to support their new business models. The goal of the DMCA was to encourage new ways of disseminating works in the digital era. This has worked well for DVDs, which use an encryption technology that most consumers don't even notice, because the creative works they want are available in convenient formats and at reasonable prices. The new music services also use technology that allows a wide range of consumer copying, but places limits on excessive copying and distribution that is harmful to the copyright owner, and likely not demanded by most consumers. Again, much of this occurs behind the scenes, and it doesn't interfere with the public's access and enjoyment of the works in most cases.

Striking the balance between meeting consumer expectations and limiting harmful copying and distribution is the key to preserving copyright's standing in the eyes of the public. If the technology and business models used by copyright owners do not meet consumer expectations, copyright will be seen by the public as a frustrating barrier to their enjoyment of works. Fortunately, this has not happened to a great degree — in the DMCA's Section 1201 rulemaking, the Copyright Office reviews the deployment of technological protection measures every three years. In the

first two proceedings, in 2000 and 2003, we found that by and large technological measures had not been used in a heavy-handed or inappropriate way.[47] When the 1201 rulemaking was proposed in 1998, I did not think it was a good idea. I've changed my mind. It provides a good opportunity to review how technology is being used to protect copyright, and whether it is being used inappropriately.

But ultimately the public in the marketplace will provide the most important reaction to copyright owners' efforts to protect their works through technology. And, whether copyright is to recede from the public domain, or shed the negative image it has today, will largely depend on how these technological measures can limit reproduction and distribution in ways that are painless to most of the public. In the past, the public's perception of copyright was formed by the great creative products they were enjoying, not by the legal "do's and don'ts" that we all spend our time with. When the focus is on the creativity and its expression, copyright comes out looking good. It's essential that the new services earn a reputation based on the great things they allow people to do with copyrighted works, rather than on what they prevent people from doing.

And this last point is one I want to emphasize and leave you with. Copyright is a great success story in our country, in the model of the great success story that is America generally. The public has benefited greatly from copyright, although it has worked so well that most people may not fully appreciate it today. As we move forward into this new era, we need to make the case for copyright again, more explicitly and more convincingly than ever before. The best evidence for that case may be found in the very things the public wants so much — the works of creativity and culture that the Founders intended the "exclusive Right" of copyright to produce. So long as copyright encourages authors and other copyright owners to produce and disseminate those works, copyright's good standing in the eyes of the public will be assured.

Thank you.

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[47] *See* Exemptions from Prohibitions on Circumvention of Technological Protection Measures that Control Access to Copyrighted Works, 68 Fed. Reg. 62,011 (Oct. 28, 2003) (to be codified at 37 C.F.R. pt. 201.40), *available at* http://www.copyright.gov/fedreg/2003/68fr2011.html; *see also* Exemptions from Prohibitions on Circumvention of Technological Protection Measures that Control Access to Copyrighted Works, 65 Fed. Reg. 54,556 (Oct. 27, 2000), *available at* http://www.copyright.gov/fedreg/2000/65fr64555.pdf.

POSTSCRIPT

At the time this lecture was delivered, the case of *MGM v. Grokster* was pending before the Ninth Circuit. I noted the case as one of the key legal developments that might help restore the image of copyright in the eyes of the public, in that if the Ninth Circuit were to reverse the district court and place liability on peer-to-peer services like Grokster, then the need for copyright owners to sue individual members of the public to protect their copyright would diminish, and thus the enforcement and licensing of copyright could remain the business of businesses, rather than individual citizens. For this reason, I advocated that the *Grokster* decision should be reversed, either by the Ninth Circuit or the Supreme Court.

Unfortunately, four months after the lecture, the Ninth Circuit issued its opinion affirming the district court's decision.[48] It held that the Supreme Court's decision in *Sony* exempted any provider of technology used to infringe copyright from contributory infringement liability so long as that technology was "capable of substantial noninfringing uses" — even if the overwhelming portion of uses were infringing, and the noninfringing uses were theoretical or not commercially significant.

The *Grokster* panel's reading of *Sony* is the broadest that any court has given it, and it threatens to dramatically undermine the effectiveness of copyright in the digital age. It also conflicts with the more sensible reading established by the Seventh Circuit in the *Aimster* case. In *Aimster*, Judge Posner interpreted *Sony* to require that the technology provider must produce evidence that the substantial noninfringing uses were "probable" in order for the *Sony* defense to apply. Moreover, even if such evidence were produced, the Seventh Circuit requires that the court must determine whether it would have been "disproportionately costly" for the defendant to eliminate or reduce the infringing uses of the technology, including by changing the design or capability of the technology.[49]

As I indicated in the lecture, I believe it is time for the Supreme Court to clear up the confusion created by these cases. In *Sony*, the Court sought to vindicate a worthy policy goal: to calibrate the secondary liability rules to strike a balance between "effective — not merely symbolic — copyright protection and interference with substantially unrelated areas of commerce."[50] The world is very different now than in 1984 when the *Sony* decision was issued, and it is clear to me that the Court's resolution of that case no longer provides effective guidance to lower courts to strike that

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[48] Metro-Goldwyn-Mayer Studios, Inc. v. Grokster, Ltd., 380 F.3d 1154 (9th Cir. 2004).

[49] *In re* Aimster Copyright Litigation, 334 F.3d 643, 653 (7th Cir. 2004).

[50] Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 442 (1984).

balance, and copyright owners have been left with "merely symbolic" protection in the new digital age.

In fact, the Supreme Court has played a critical role throughout history in the development of copyright law, often stepping in and setting or clarifying rules for the lower courts to follow. Indeed, the role I believe the Court should play with respect to secondary liability and new technologies is one it has already played, in the context of interpreting the very same *Sony* decision at issue here. In addition to considering the secondary liability rules in that case, the Supreme Court also ruled on the application of Section 107 of the Copyright Act, the fair use doctrine, to "time-shifting" of broadcast television programming through the use of a VCR. In determining whether Section 107 applied to time-shifting, the Court made statements about whether commercial use of a work indicated that the use was unfair.[51] These statements were interpreted by lower courts as creating a presumption that commercial use was unfair, and that noncommercial use was fair.

Ten years after *Sony*, in 1994, the Supreme Court re-examined fair use in the context of parody, in *Campbell v. Acuff-Rose*, particularly with respect to lower courts' interpretation of *Sony*. It clarified that:

> *Sony* itself called for no hard evidentiary presumption. There, we emphasized the need for a "sensitive balancing of interests [and] noted that Congress had 'eschewed a rigid, bright-line approach to fair use' . . . . The Court of Appeals's elevation of one sentence from *Sony* to a *per se* rule thus runs as much counter to *Sony* itself as to the long common-law tradition of fair use adjudication.[52]

In my view, the Supreme Court should take the same approach with the other half of its *Sony* decision regarding secondary copyright liability, and the "substantial noninfringing use" test articulated there. Like the Sixth Circuit in *Campbell*, the Ninth Circuit in *Grokster* has interpreted *Sony* to create a "rigid, bright-line approach" that "elevate[s] . . . one sentence from *Sony* to a *per se* rule." I believe this rigid approach runs counter to the "long common-law tradition" of secondary liability adjudication.

In fact, what is often lost in the debate over *Sony* and peer-to-peer services is the history of secondary liability under copyright, which dates back over seven decades, well before the *Sony* decision. It has always

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[51] 464 U.S. at 448 ("If the Betamax were used to make copies for commercial or profit-making purposes, such use would be presumptively unfair. The contrary presumption is appropriate here . . ..").

[52] Campbell. v. Acuff-Rose Music, 510 U.S. 569, 584-85 (1994) (citations omitted).

been a common law, judge-made set of rules, developed on a case-by-case basis to ensure that copyright owners can obtain effective protection for their copyrights, particularly where the direct infringer is difficult to sue and those who contribute to the infringement are earning revenues from the infringing activity.[53] Indeed, Congress has permitted the courts to develop these doctrines, refraining from stepping in to codify them (as it did with the patent laws in the 1950s); rather, it has enacted statutes that acknowledge and rely upon common law development of this area of copyright law.[54] In this way, like fair use, Congress has "eschewed a rigid, bright-line approach," such as the one that the Ninth Circuit adopted in *Grokster.*

It is for these reasons that I strongly disagree with those who argue that courts are not the appropriate institution to resolve questions like those presented in *Grokster*, and that the courts must wait for Congress to legislate before assessing liability.[55] This argument invalidates the entire

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[53] *See Aimster*, 334 F.3d at 646 ("Recognizing the impracticability or futility of a copyright owner's suing a multitude of individual infringers . . . the law allows a copyright holder to sue a contributor to the infringement instead, in effect as an aider and abettor."); *see also* Polygram Int'l Publ'g, Inc. v. Nevada/TIG, Inc., 855 F. Supp. 1314, 1325 (D. Mass. 1994) ("When an individual seeks to profit from an enterprise in which identifiable types of losses are expected to occur, it is ordinarily fair and reasonable to place responsibility for those losses on the person who profits, even if that person makes arrangements for others to perform the acts that foreseeably cause the losses.").

[54] In the 1976 Copyright Act, Congress recognized contributory infringement by including the word "authorize" in the basic grant of rights in Section 106. *See* 17 U.S.C. § 106; H.R. REP. NO. 94-1476, at 61, 159-60 (1976) (recognizing vicarious liability). In the Digital Millennium Copyright Act of 1998, Congress left intact the common law development of secondary liability for Internet service providers, erecting instead "safe harbors" as an adjunct to those doctrines to address liability for such entities. *See* 17 U.S.C. § 512; H.R. REP. NO. 105-796, at 73 (1998) ("Section 512 is not intended to imply that a service provider is or is not liable as an infringer either for conduct that qualifies for a limitation of liability or for conduct that fails to so qualify. Rather, the limitations of liability apply if the provider is found to be liable under existing principles of law.").

[55] Of course, Congress certainly has the power to amend the Copyright Act to address this problem and recently has engaged in an effort to do so. *See* Inducing Infringement of Copyrights Act of 2004, S. 2560, 108th Cong. (2004). However, it is my view that technology companies have no incentive to support legislation addressing the issue, because any such legislation would be seen as carving back from the broad exemption created by *Grokster*'s interpretation of *Sony*. Thus, legislation, which in the copyright area has nearly always been enacted through consensus of interested parties, is almost impossible in the current climate. Moreover, resolution of these issues requires consideration of circumstances in a case-by-case fashion (hence the reason for the common law approach used for over seventy

history of secondary liability under copyright, and denies the courts' critical role in ensuring that copyright remains viable as circumstances change. On several occasions throughout copyright's history, the Court has interpreted terms and fashioned new rules with flexibility that allowed copyright to grow, rather than remain stagnant awaiting the legislature's specific proclamation on the issues. For example, in *Burrow-Giles Lithographic Co. v. Sarony*, the Supreme Court interpreted the term "Writings" in the Copyright Clause to include new technologies like photography.[56] Also, in *Herbert v. Shanley Co.*, Justice Holmes stressed that the copyright law must not be construed to permit activities that "compete with and even destroy the success of the monopoly that the law intends the plaintiffs to have."[57] More recently, in *CCNV v. Reid*, the Court established a multi-factor test, borrowed from common law, for determining whether an employment relationship exists for work made-for-hire status, notwithstanding Congress' failure to provide much guidance on that issue.[58] Indeed, the *Sony* case itself is an example of this approach, in two meaningful respects: the Court reaffirmed and applied the 150-year-old doctrine of fair use, another court-made rule that is determined on a case-by-case basis in order to accommodate changed circumstances, and on the secondary liability issue, in that the Court fashioned a rule, borrowed from the patent statute, to resolve an important copyright issue posed by new technology.

But what clarification of *Sony* should the Court provide if it reviews *Grokster*? I believe Judge Posner's decision in *Aimster* provides a good starting point for the type of analysis a court should undertake in these cases: where a defendant provides evidence of probable noninfringing uses, then the court may consider whether requiring a defendant to restrain or limit infringing uses is disproportionately burdensome to that defendant.[59] But I also think the Court should make clear that other factors can be considered as well, and a comprehensive set of considerations would include: (1) the amount and substantiality of the noninfringing uses of the technology;[60] (2) the amount and substantiality of the infringing

years), which is very difficult to accomplish through statutes of general applicability.

56 111 U.S. 53 (1883).

57 242 U.S. 591, 594 (1917).

58 490 U.S. 730 (1989).

59 *See Aimster*, 334 F.3d at 652-53.

60 This factor would also consider whether the noninfringing uses enabled by the defendant's technology can be accomplished through means other than the technology. For example, in *Grokster*, the noninfringing use by the band Wilco of peer-to-peer networks to distribute its music online could have been (and in fact was) just as easily accomplished by Wilco making those songs available for download on its Web site. A court should be able to

uses; (3) whether the infringing uses can be segregated from the noninfringing uses, and the burden on defendant in doing so; (4) the defendant's state of mind relative to the infringing uses, i.e., whether it knew of or encouraged those uses, such as through advertising, marketing or design of the technology; and (5) the defendant's relationship (or lack thereof) with the direct infringers. In addition, the Court should make clear that a court can fashion appropriate remedies in particular cases to help strike the balance between effective protection and non-interference with noninfringing or other legitimate uses of technology.

In the end, however, we need to step back from the details of these complex issues and reflect on the larger picture. There is no dispute that the defendants in these cases have used the Internet and digital technology to enable massive, widespread reproduction and distribution of copyrighted works by and among the public. The numerical estimates of this activity from just a handful of peer-to-peer services are so large as to defy comprehension: literally billions of files made available to the public in a month.[61] Under the *Grokster* decision and its interpretation of *Sony*, the companies primarily responsible for this activity bear no responsibility under copyright law, and cannot be the subject of enforcement and licensing efforts of the copyright owners whose works are exchanged on the networks they built. We are now faced with the "merely symbolic" copyright protection the *Sony* court hoped to avoid. A more sensible approach must be adopted, lest we "destroy the success" the law intends authors and copyright owners to have.

consider this in assessing how the evidence of noninfringing uses affects the defendant's liability.

[61] Lev Grossman, *It's All Free*, TIME, May 5, 2003, at 60 (estimating that 2.6 billion files are copied each month); Jefferson Graham, *Online File Swapping Endures*, USA TODAY, July 11, 2004, *available at* http://www.usatoday.com/tech/news/2004-07-11-fileswap_x.htm (citing estimates that 1 billion songs were available for copying during the month of June, 2004).

PART II

ARTICLES

LEGAL PROTECTION OF COPY-PROTECTION MECHANISMS

by MARTINA GILLEN* *and* GAVIN SUTTER**

ABSTRACT

The debate over the perceived threats posed to our traditional notions of copyright by the Internet has continued for several years now, and shows no sign of slowing down. A potential solution lies in the use of copy-protection mechanisms, technological answers to a technological problem. Such practical (potential) solutions do not, however, sidestep the awkwardness of applying traditional legal concepts to the Internet. On the contrary, the employment of these technologies raises further legal issues of their own. Legal protection of such technologies, including sanctions against their circumvention, were required by the WIPO Treaties in 1996, a requirement since met by the U.S.A. (in the Digital Millennium Copyright Act) and the European Union (in the Copyright in the Information Society Directive). In late 2003, the EU provisions were further interpreted by the U.K. with the passage of the Copyright and Related Rights Regulations. This article analyses the EU/U.K. provisions on circumvention of copy-protection mechanisms and copyright management information, and considers their value in the protection of copyright. Comparison with the U.S. is of more than academic interest: in the absence of U.K. judgments applying these provisions, U.S. cases, such as those relating to the deCSS DVD decryption code, provide some indication of how these WIPO-inspired provisions might be applied closer to home.

This article considers these specific provisions regulating technological protection of copyright from another angle; one that questions the very validity of attempting to create and apply such legislation. Laddie has argued that copyright is over strength and over-regulated. Might not such provisions as this article addresses serve merely to further strengthen copyright, elevating it to an undeserved status? Alternative theories on the proper place of intellectual property such as copy-left have been much discussed in the context of the Internet generally; this article draws on these discussions in order to apply such alternative schools of thought to the very specific area of copy-protection. Ultimately, the question will be asked (and tentatively answered!): does the legal protection of these tech-

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nologies fairly update the copyright system or simply further complicate and shore up an unhelpful, outdated concept that should have no place in the modern (online) world?

I. COPYRIGHT CHALLENGED BY INTERNET TECHNOLOGY

This section deals with the practical and legal challenges of controlling copyright in the digital environment. As has been amply demonstrated in recent years by such phenomena as the peer-to-peer revolution in online file sharing, the digital world is not an easy place in which to enforce copyright. Unprotected digital content may be quickly and easily copied with no discernable degradation in quality; Internet technology renders wide dissemination of copied content a simple and rapid process. This situation is exacerbated by widely held cultural expectations that information online should be freely accessible. While it might be considered a slightly anachronistic hangover from the halcyon days of the Internet when it had ceased to be the exclusive preserve of the military and had become a forum for discussion and exchange of ideas within the academic sector, a significant proportion of Internet users believe that once information has been placed online it is — or, at least, should be — theirs to copy and do with as they will.

Enforcing copyright in this environment is, as the music industry has discovered, difficult at best. Dissemination of infringing copies may be prevented in some circumstances by taking a case against the carrier or host ISP. In general, however, ISPs are provided by law with qualified immunities from liability in respect of such material.[1] Another route by which those representing rightholders have sought to stem the online flow of copyright violation was by taking action against the distributors of the various peer-to-peer software systems which facilitate the rapid growth of wide file sharing networks, providing ready access to infringing copies. As a means of tackling online copyright infringement, however, this strategy has proven a failure as it quickly became fairly universally established that provided that the software had legitimate purposes, was not solely useful for creating and distributing infringing copies of copyrighted works, and that the distributor had no effective control over the use of the software once downloaded by the end user, no legal liability for any infringing use will follow.[2] It thus becomes essential to take action against the individual

[1] *See in particular* European Directive 00/31/EC (The Ecommerce Directive) Section 4 - Liability of Intermediary Service Providers, Articles 12-15; U.K. Electronic Commerce (EC Directive) Regulations No. 2013 of 2002; and U.S. Digital Millennium Copyright Act, Section 512 (Limitations on liability relating to material online).

[2] This principle has been established in a series of decisions, including, most notably, U.S. cases: *A&M Records, Inc. v. Napster, Inc.*, 239 F.3d 1004 (9th

end user, a strategy which is fraught with difficulty. Tracking down and identifying the end user online can be difficult: IP addresses may be masked, or can be varied. If an individual accesses the Internet via cybercafes, it will be virtually impossible to locate them. Where copyright violation has been undertaken across a file-sharing network it may be easier to track and identify the individual, however, the sheer volume of ongoing copyright violation means that at best the rightholder can only ever hope that a handful of "examples" will deter the masses from continuing to copy unlicensed.[3] And this is before we consider any difficulties which may be raised by such legal niceties as jurisdiction and applicable law in the borderless, universal cyberspace dimension.

To add to these practical difficulties, the Internet and digital technology also pose key conceptual challenges which go to the core of our very notion of copyright. Firstly, it is a fundamental fact of the way computer technology operates that copying is intrinsic to even the most basic of functions. When I create a new work of art on my computer and decide to save it to the hard drive, the machine does so by copying the image on my screen from the memory to the storage. If I decide to transfer it onto a CD-ROM and store it there instead, I have not moved the file from the hard drive to the disk; rather, I have created a copy. If I copy the image to my Web site, anyone who wishes to view it there must first download a copy of it to their Internet browser. Copyright as has traditionally been understood involves the right of the party who owns the copyright to exercise control over the making of copies of the work. While copyright law has been to some degree modified to address this aspect of computer and

Cir. 2001) and *MGM v. Grokster*, 259 F. Supp. 2d 1029 (C.D. Cal. 2003), *aff'd*, 380 F.3d 1154 (9th Cir. 2004), and in the Netherlands, *Vereniging Buma & Stichting Stemra v. KaZaA B.V.*, (Amsterdam Court of Appeal Mar. 28, 2002), *available at* http://www.eff.org/Legal/Cases/BUMA_v_Kazaa/20020328_kazaa_appeal_judgment.html. Such a case is unlikely to arise in the U.K., given the *CBS, Ltd. v Amstrad Consumer Electronics plc*, [1988] 2 W.L.R. 1191, decision. In that case, the manufacturer of a double-deck cassette recorder was found not to have "authorised" the creation of infringing copies on the basis that the machine could be used for legitimate as well as illegitimate purposes, and once sold on to the end user, the manufacturer retained no ability to control the use to which the machine was put. The equivalent analogue-age case in the U.S., *Sony Corp. v. Universal City Studios, Inc.*, 464 U.S. 417 (1984) (concerning the use of Betamax video recorders to record television broadcasts) was similarly applied by the U.S. in *Napster*.

[3] For an example of the scale of the copyright infringement problem online, see the alt.binaries.warez newsgroup, where a reputed 90% of postings are, or contain, infringements.

Internet technology,[4] it can certainly be argued that the bedrock of our fundamental conception of copyright is somehow diminished by this state of affairs. Another copyright fundamental to suffer conceptually when applied to the Internet is that of physical expression. Traditionally, copyright has vested not in the idea, but in the physical expression of that idea. Yet on the Internet the physical element of the expression is often much harder to identify. Writing his seminal treatise *The Economy of Ideas* in 1994, John Perry Barlow considered:

> Even the physical [media] . . . to which we've become accustomed — flop disks, CD-ROMS, and other discrete, shrink-wrappable bit-packages — will disappear as all computers jack-in to the global Net. While the Internet may never include every CPU on the planet, it is more than doubling every year and can be expected to become the principal medium of information conveyance and perhaps, eventually, the only one . . . .
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> Some might argue that information will still require some physical manifestation, such as its magnetic existence on the titanic hard disks of distant servers, but these are bottles which have no macroscopically discrete or personally meaningful form.[5]

Some ten years later, this prediction from the early days of the World Wide Web still rings true.

With these difficulties faced by copyright in the early twenty-first century in mind, this article seeks to consider alternative forms of protecting the interests involved. Firstly, the issue of alternatives to traditional means of enforcement of copyright by litigation, or, more to the point, the spin-off legal issues that these raise, are discussed. The implications of such regulation are critically appraised before the question is raised whether a more radical approach is needed: might not a renegotiation of the copyright bargain, perhaps involving a complete abandonment of conventional copyright principles in favour of an alternative system of reconciling the competing interests of author and/or rightholder, and end user or audience represent a more dramatic, yet ultimately preferable alternative?

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[4] *See, e.g.*, European Directive 2001/29/EC (The Copyright in the Information Society Directive) art. 5(1), which provides an exemption from copyright liability in respect of acts of copying which are "transient or incidental, which are an integral and essential part of a technological process whose sole purposes is to enable: (a) a transmission in a network between third parties by an intermediary or (b) a lawful use."

[5] John Perry Barlow, *The Economy of Ideas*, WIRED, Mar. 1994, *available at* http://www.wired.com/wired/archive/2.03/economy.ideas_pr.html.

A. *Technological Copyright Protection, Circumvention & Copyright*

Technological methods of copyright protection, whether controlling copying directly or by means of controlling access to the copyrighted work, do not exist in a vacuum. While they may provide a proactive alternative to the drawn-out and essentially reactive traditional means of enforcement of rights through litigation, such technologies inevitably have legal implications of their own. Indeed, unless copy protection systems are provided with some degree of legal protection, it may be argued, there is nothing other than their own effectiveness to rely upon. No system is perfect in operation, so unless there is some form of legal redress to fall back on, once a system is breached the copyrighted work is subject to the same threats as an unprotected copy. As Waelde notes, there are three main standards of legal protection which might be considered here:

- Circumvention of copy protection is forbidden except where necessary to undertake a permitted act, such as to make a copy of a part of the work which is in the public domain
- Circumvention of copy protection is forbidden irrespective of its motivation
- Circumvention of copy protection is forbidden, as is the manufacture and trade in tools which would facilitate circumvention of any system applied to a copyrighted work in order to control access or the use which is made of the work.[6]

The first measures aimed at creating legal regulation of copy protection systems were drafted by the World Intellectual Property Organisation in its 1996 Treaties, the WIPO Copyright Treaty, and the WIPO Phonograms and Performances Treaty. In turn, these provisions have formed the basis of the U.S. Digital Millennium Copyright Act and the EU Copyright Directive, now enacted in the U.K. as the Copyright & Related Rights Regulations 2003. Crucial to WIPO's formulation of these rules is their basis in the WIPO "Digital Agenda," which is: "to clarify existing norms and, where necessary, create new norms to respond to the problems raised by digital technology, and particularly the internet."[7]

Essentially WIPO's concern is to ensure that the existing balance of interests between end user and right holder is maintained in ways appropriate to the online environment. The Treaties provide a right[8] for signatory states to take such actions as are necessary in order to "provide for limitations of or exceptions to the rights granted to authors of literary and

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[6] Charlotte Waelde, *The Quest for Access in the Digital Era: Copyright and the Internet*, J. INFO. L. & TECH. 2.21 (2001), *available at* http://elj.warwick.ac.uk/jilt/01-1/waelde.html.

[7] *See* http://www.wipo.org (last visited Aug. 11, 2004).

[8] Copyright Treaty art. 10; Performances & Phonograms Treaty art. 16.

artistic works under [the treaties] in certain special cases that do not conflict with a normal exploitation of the work and do not unreasonably prejudice the legitimate interests of the author." The thrust of these provisions, as confirmed by the WIPO Agreed Statement adopted in relation to limitations and exceptions,[9] seems to be very much centred on the application of pre-existing standards to new circumstances.

B. EU & U.K. Implementation of the WIPO Treaties

The WIPO Treaties require that signatory states provide an adequate level of protection from circumvention for technological copyright protection measures[10] — essentially Waelde's first option for regulating copy-protection systems. This is reflected in Article 6(1) of the EU Copyright in the Information Society Directive,[11] which virtually repeats the WIPO phrasing verbatim. However, Article 6(2) represents a significant step towards a stronger level of control than set out in the Treaties; indeed, it aims towards a mode of regulation largely in line with the strongest form of regulation envisaged by Waelde — so much for copy-protection technology as an alternative to legal regulation of copyright in the online context. Article 6(2) requires the outlawing of trade in tools which are primarily designed and marketed as tools for the circumvention of copy-protection systems, and which have only limited commercially significant other uses. Article 6(3) outlines the scope of this provision so as to encompass both direct copy-protection measures and systems which control access to the copyrighted work. It would seem fair to regard this strategy as falling within the third and harshest of Waelde's models for control of circumvention. The Article 6 provisions are, of course, subject to fair use exemptions, both traditional and new adaptations in line with applying the spirit of the traditional limitations to the new context,[12] although as we shall see when we consider anti-circumvention law in the U.S., many critics of such law in practice argue that it does not necessarily facilitate fair use so well.

The U.K. Copyright and Related Rights Regulations 2003 apply the provisions in Article 6 of the Directive with, as is typical of U.K. enabling

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[9] Agreed Statements Concerning the WIPO Copyright Treaty, *available at* http://www.wipo.int/documents/en/diplconf/distrib/96dc.htm (Dec. 20, 1996); Agreed Statements Concerning the WIPO Performances and Phonograms Treaty, *available at* http://www.wipo.int/documents/en/diplconf/distrib/97dc.htm (Dec. 20, 1996).

[10] *See* WCT art. 11; WPPT art. 18

[11] Directive 2001/29/EC.

[12] E.g., an exemption is provided in relation to the making of temporary and intermediate copies necessary in order to facilitate the onward transmission central to the end user being able to view a Web page. *See* EU Directive 2001/29/EC art. 5.

legislation, little alteration.[13] In line with the Directive, certain exceptions are provided. In particular, there is an exception where circumvention is carried out for the purposes of research into encryption. This exception is, however, limited in that the publication of the results of this research in such a way as could "affect prejudicially the copyright owner . . . ."[14] Such a requirement arguably puts a severe limitation on the usefulness of this exemption; closed-door research may be acceptable for the purposes of the software industry in developing and testing encryption software, however, a ban on publication of research results is akin to censorship for the academic community, where publication of research findings is a core activity.

Regulation 24 expressly forbids the manufacture and trade in or possession of for commercial purposes circumvention tools designed to be applied to copy protection of computer software. Included in the scope of this ban is the publication of any information (such as a computer program) which would achieve this purpose — this would encompass, for example, the publication of code on a Web site or in a magazine. Manufacture and trade in circumvention tools more generally is also forbidden. Here, crucially, such activities do not have to be undertaken commercially; distribution for non-commercial purposes could be in breach if it has a sufficient negative impact on the rightsholder(s). Thus, making the deCSS DVD decryption code freely available on a Web site could potentially be in breach, provided that the rightsholder can adduce evidence to satisfy the court that the availability of the means to create infringing copies led to a fall in sales of legitimate product. An exception provided to this bar on such activities is provided for law enforcement and intelligence services where they are acting in the interests of national security, for the purposes of prevention and detection of crime, or investigating or prosecuting an offence.[15]

C. Anti-Circumvention in the U.S.A.

In recent years, the U.S. has also developed laws regulating the use, creation of, and trade in circumvention tools. When digital recording first arrived in the U.S.A. with the advent of the DAT (Digital Audio Tape) format, rightsholders, the recording industry and related bodies raised concerns that DATs could permit large-scale copying of copyrighted music at low cost and without any perceptible loss in quality. Congress responded by modifying the Copyright Act so as to impose the insertion into

[13] Regulation 24.

[14] Copyright, Designs & Patents Act 1988, section 296ZA(2) (as inserted by Copyright and Related Rights Regulations 2003, Regulation 24).

[15] Copyright, Designs & Patents Act 1988, section 296ZB(2) (as inserted by Copyright and Related Rights Regulations 2003, Regulation 24).

DATs of an anti-copyright mechanism, the SCMS (serial copy management system) which is designed to prevent multiple copying. This modification to the pre-existing law included a ban on the import, manufacture, distribution, supply and loan of services where the primary effect or aim is to circumvent a copy-protection technology. In *RIAA v. Diamond Multimedia Systems, Inc.*,[16] the U.S. recording industry sought, inter alia, to force the manufacturers of MP3 players to build into their equipment copycontrol systems which would prevent copying of sound files and also prevent pirated files from playing. The court, however, held that the relevant provision in the Copyright Act applied specifically to the DAT format, and was not to be extended to cover other systems. This seeming anomaly in U.S. law was addressed with the passage of the Digital Millennium Copyright Act in 1998. This legislation revised U.S. copyright law, and in particular enacted the provisions of the WIPO Treaties, to which the U.S. is a signatory state.

During the drafting stage, WIPO considered a proposal from rightsholder interests that certain activities prepatory to circumvention, rather than just the act of circumvention itself, should be regulated. Opposition to a ban on trade and manufacture of circumvention tools came from those who argued that this would be an undue disruption of the balance of interests in a copyrighted work in favour of the rightholder, who would then be enabled to control access to material even where copyright law provides a fair use exemption, or where material has passed into the public domain. Such moves were also opposed by manufacturers of consumer electronics who feared that it would lead to strict limitations upon the development of new products for the home entertainment market. The resulting WIPO Treaties, influenced by these arguments, therefore only require controls upon the act of circumvention rather than prepatory acts such as the production and sale of circumvention tools.[17] In the U.S., however, a different set of arguments prevailed. The 1995 report produced by the Working Group on Intellectual Property Rights[18] concluded that the development of copy-protection systems was the only viable option for rightsholders seeking to protect their copyrighted works online. Consequently, the report argued, it was necessary to create legal protection against circumvention of such systems. This argument was justified on the basis of an emphasis of economic factors which, it was argued, rendered such a strategy to be in the public interest. The argument ran that the cost

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[16] No. 98-56727 (9th Cir. June 1999).

[17] Waelde, *supra* note 6.

[18] *See* Working Group on Intellectual Property Rights, Intellectual Property and the National Information Infrastructure (1995), *available at* http://www.uspto.gov/web/offices/com/doc/ipnii [hereinafter Working Group Report].

to the public of access to copyrighted works is artificially high on account of the fact that the legitimate users are paying for the cost to the rightholder of infringement. If infringement is, thanks to the use of copy-protection systems, impossible, the price to the public of access to copyrighted works will therefore drop.[19] Concerns about the implications for fair use where protected content was public domain were dismissed by the Working Group, which considered that no serious harm to the public interest could be caused by such a state of affairs as the work itself was not limited, merely the particular copy thereof which the technical protection happened to be applied to. The Working Group also found that "technological protection that restricts the ability to reproduce the work by technical means does not prevent reproduction by other means (such as quoting, manually copying, etc.)."[20] When it came to drafting legislation to enact the provisions of the WIPO Treaties, Congress preferred the harder line taken by the Working Group over the more liberal minimum position set out by WIPO. As a result, the Digital Millennium Copyright Act of 1998 not only forbids the act of circumvention itself, but also, as was later provided by the EU Copyright Directive, places strict limitations upon what may be considered prepatory acts — manufacture and trade in tools designed to facilitate circumvention of copy-protection tools. As is the case with the EU/U.K. approach, it is clear that the more extreme of Waelde's models for regulation of circumvention of copy-protection systems (see above) has been adopted, although it remains to be seen whether exemptions to the prohibition on circumvention to allow for fair use are provided in practice.

Section 1201 of the U.S. Copyright Act, inserted by the DMCA, varies slightly from the EU and U.K. approaches in that it deals separately with circumvention of access systems and circumvention of those copy-protection systems which place limitations upon the use of the actual content itself. Section 1201(a) prohibits the act of circumvention of "a technological measure that effectively controls access to a work . . . ." Under § 1201(a)(2), certain acts prepatory to such activity are forbidden. Specifically, this is the section which prohibits the manufacture and trade in tools which are primarily designed for the purposes of circumvention, have only limited commercially significant other uses, or are marketed as circumvention tools. Section 1201(b)(1) makes similar provision against the manufacture and trade in tools "primarily designed or produced for the purposes of circumventing protection afforded by a technological protection measure that effectively protects a right of a copyright owner . . . ." Here the basic act of circumvention itself is not prohibited where fair use

19 Waelde, *supra* note 6, at 2.4.

20 WORKING GROUP REPORT, *supra* note 18, at 164 n.567.

is concerned, thus it may be presumed that users can legitimately deactivate a technological protection for that purpose. The difficulty, however, is that there is nothing to indicate that access is granted for the production and distribution of circumvention tools which have the sole aim of overriding a copy-protection system in order to use a copyrighted work in the context of a permitted fair use exemption.

D. Exceptions and Penalties

The WIPO Treaties provide that signatory states may create exceptions to the anti-circumvention rules where reasonable and in line with established copyright practice.[21] The EU Copyright Directive provides in Article 5 a non-exhaustive list of exemptions, incorporating both the new[22] and the more traditional.[23] These provisions are reflected in U.K. law in the Copyright and Related Rights Regulations, under Regulations 8 to 23.[24] A further provision towards fair use may be found in the Directive under Article 6(4), which requires that member states put in place adequate measures so that in the event that rightholders do not voluntarily provide access consistent with fair use exemptions, they can be obliged to do so. Such a provision is directly comparable to the old U.S. doctrine of copyright misuse. For instance, in *Lasercomb America, Inc. v. Reynolds*,[25] a company which produced CAD (computer assisted design) software sold its product subject to a licence which included the term that the licensee would not become a CAD software house until the end of the licence period. Another term set the licence period at 999 years. The court found this to be a clear case of "copyright abuse," i.e., the company was held to be trying to ensure for itself, by using other means, a term of protection far in excess of that to which it was entitled under copyright law.

Another point worthy of note with respect to Article 6(4) is that the rights to copy for fair use purposes that it seeks to enforce explicitly do not apply to "works . . . 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." This is extremely significant in the context of the Internet, and makes it crucial that the end user is in a position to understand exactly what (s)he is paying for: a permanent copy to download and keep forever, and of which copies may be made for

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[21] WCT art. 10; WPPT art. 16.

[22] *See, e.g.*, Article 5(1)(a): "a transmissions in a network between third parties by an intermediary."

[23] *See* Article 5(3), which includes, for instance, the "research and private study" exemption.

[24] *See, e.g.*, Regulation 8: "a temporary copy . . . which is transient or incidental . . . ." and Regulation 19, on "time-shifting" as a fair use.

[25] 911 F.2d 970 (4th Cir. 1990).

fair use purposes, or a right of access, via an Internet portal, to content held on the rightholders' servers. This exception is likely to increase in significance over the next decade if the subscription to the streaming media model of content delivery comes to dominate online content services. Where Article 6(4) does apply, the extent of its effectiveness in the U.K. may be called into question. Under Regulation 24, where the copy-protection applied to a specific work prevents a permitted act of copying, the party wishing to exercise that right, or a representative body, may petition the Secretary of State, at whose discretion it will be to order the rightholder to comply. It is at least questionable that this is a route accessible to the average person — will the average member of the public, without legal training, not be as likely to simply assume that if they are prevented from certain activities, then that simply will not be possible. Even those aware of their right to petition the Minister may not do so, either perceiving it to be a waste of time, or because it will take too long for them to be able to acquire the access sought and it will no longer be useful for the desired purpose. There is the danger that such an inevitably slow-moving, inaccessible or at best uninviting, system may simply encourage those who would normally be inclined to play by the rules to otherwise circumvent the copy-protection system, thereby arguably stimulating the market in (potentially illicit) circumvention tools, and fostering the development of a cultural acceptance of the use of such tools, legitimate or otherwise.

Following intense lobbying, the U.S. incorporated a number of exemptions in the DMCA in relation to the ban on circumvention of access-control systems set out in § 1201(a). This list includes, for example, an exemption for non-profit making libraries, archives and education institutions in respect of evaluating the potential value of a protected work — this exemption ceases to apply once a decision whether to purchase has been made; any copy thus acquired must be given up. Police and intelligence services are granted an exemption with respect to acts undertaken in the course of an investigation. Decompilation is permitted for purposes of ensuring interoperability only — this exemption is based upon the European model, as set out in the Directive on the Legal Protection of Computer Programs.[26] Here too circumvention — both the act itself and the development of otherwise illicit devices — for the purposes of research into encryption is permitted. As regards the ban on manufacture and trade in tools designed to circumvent the copy-protection systems covered by § 1201(b), the position is, as already mentioned, less clear. The circumvention of these technological measures for fair use purposes is not forbidden,

[26] Directive 91/250/EEC art. 6.

however, there is nothing in the DMCA to authorise the production and distribution of circumvention devices for solely fair use purposes.

All rules discussed thus far make provision for the usual civil remedies for copyright infringement. The U.K. and U.S. legislation goes further, however, with the provision of criminal penalties for breach of circumvention provisions. Under § 1205, the DMCA provides fines of up to $1 million and up to ten years' imprisonment for repeat offenders. The U.K. criminal penalties, set out in Regulation 26, are less severe.[27] The EU has shied away from providing criminal penalties for breach of anti-circumvention laws. None are included in the Copyright Directive, and while the proposed Directive on measures and procedures to ensure the enforcement of intellectual property rights originally contained criminal penalties for infringement, these were removed at a later stage of drafting as a counter balance to extending the Directive's provisions beyond infringement on a commercial scale to include all copyright infringement. The latest version of the proposed Directive, accepted by the European Parliament subject to an amendment passed on 9th March 2004, is only to be applied in respect of commercial infringement, with criminal penalties an option for those member states who wish to create them at the domestic level.[28]

E. Case Law and Controversy: Anti-Circumvention Law in Practice

Unsurprisingly, the anti-circumvention provisions discussed above have raised quite some controversy. They do empower the rightsholder, addressing issues of copyright protection in the new digital environment; however, there are critics who feel that this has gone too far, and that copyright has become overly strong at the expense of the public domain and legitimate fair use. Given the broad similarity between the U.K./EU approach and that taken by the DMCA, there may well be useful lessons to be learned for the U.K. from the experience of the U.S., where the provisions have been in force for several years already.

A key criticism of the DMCA's anti-circumvention provisions is that they have a chilling effect upon freedom of expression and scientific research. In 2003, SunComm Technologies announced that it was to sue a

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[27] These include imprisonment for up to a maximum of three months, and fines up to the statutory maximum in respect of a summary conviction, or imprisonment for up to two years on conviction on indictment. *See* Copyright, Designs and Patents Act 1988, section 296ZB(4) (as inserted by Copyright and Related Rights Regulations, Regulation 24).

[28] Proposal for a Directive of the European Parliament and of the Council on measures and procedures to ensure the enforcement of intellectual property rights (Feb. 16, 2004), *available at* http://register.consilium.eu.int/pdf/en/04/st06/st06376.en04.pdf.

first-year graduate student at a U.S. university over a critique of the company's new copy-protection system for CDs. The company pulled back from issuing proceedings on the same day, attributing the change of heart to a decision that a successful lawsuit would achieve little in the way of reversing the $10 million drop in stock value since the publication, and that it did not wish to cause harm to the "research community" by causing computer scientists to avoid researching copy-protection technologies for fear of falling foul of the DMCA.[29] Such a philosophical approach by the rightsholder is, however, the exception rather than the rule. In 2001, Professor Edward Felten, an employee of Princeton University's Computer Science Department, along with several of his fellow researchers took up the Secure Digital Music Initiative (SDMI)'s open challenge to crack the encryption in a watermarking technology standard that it had formulated for use with digital music. Felten produced a conference paper based on the team's findings, describing and analysing certain weaknesses in the technology. Pressure was brought to bear upon Felten and his team by the SDMI and the Recording Industry Association of America (RIAA), who sought to prevent publication of the research. Felten was confident that he could prevail in any DMCA suit that might be brought against him, however, the cost of litigation would be prohibitive, and consequently he withdrew the paper from the conference.[30] According to the Electronic Frontier Foundation, this experience was sufficient to discourage at least one of Felten's team from pursuing further research in the field.[31]

The first criminal prosecution under the DMCA came in the case of *United States v. Elcomsoft, Ltd.*[32] Dmitry Skylarov, a Russian programmer, was the leader of a team employed by Elcomsoft, a Russian software company, which developed a software product known as the Advanced Electronic Book Processor. This device was designed to remove the technological protection from Adobe's proprietary eBook format by converting the content into the Adobe PDF format. The Adobe eBook format allows publishers to enable and disable various restrictions upon the use of a particular ebook, preventing as desired copying, loaning, printing, or "text to speech" processing. Once Skylarov's team's program had been

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29 Josh Brodie, *Threat of Lawsuit Passes for Student*, DAILY PRINCETONIAN.COM, *at* http://www.dailyprincetonian.com/archives/2003/10/10/news/8797.shtml (Oct. 10, 2003).

30 Pamela Samuelson, *Anticircumvention Rules: Threat to Science*, 293 SCIENCE 2028, 2028 (2001), *available at* http://www.law.upenn.edu/law619/f2001/week09/samuelson_dmca.pdf.

31 ELECTRONIC FRONTIER FOUNDATION, UNINTENDED CONSEQUENCES: FIVE YEARS UNDER THE DMCA 2, *available at* http://www.eff.org/IP/DMCA/unintended_consequences.php [hereinafter UNINTENDED CONSEQUENCES] (last visited Aug. 11, 2004).

32 203 F. Supp. 2d 1111 (N.D. Cal. 2002).

applied, however, and the ebook converted into PDF, the end user would be able to copy the content as desired, subject to no set restrictions. Elcomsoft made a Beta version of the software available online, and had entered into negotiations for the planned sale of the Advanced Electronic Book Processor. Skylarov was arrested at a computer programming conference he attended in Las Vegas, and charged with an offence under DMCA section 1201(b). At trial, the case turned on the issue of mens rea: the jury found the required intention to be missing, and so Skylarov was found innocent, although this only after several week's imprisonment and five months detention in the U.S. following his arrest.

The DMCA has also come under fire as a threat to fair use copying. During the trial, Skylarov stated under oath as a defence witness for Elcomsoft that the intention in creating the software had been to facilitate fair use copying, such as the making of back-up copies of eBooks already owned, transferring from one computer to another, and so on. The Electronic Frontier Foundation further claims that the DMCA provisions might ultimately prevent the development of future fair-use exemptions. Prior to the development of the VCR, runs the argument, no one could have foreseen "time-shifting" as a fair use exemption; what others currently unforeseen, will not be developed as a result of the DMCA's anti-circumvention provisions?[33] As discussed above, the DMCA's position on whether the creation of the tools essential for circumvention of systems which restrict or control copying activities in relation to a work is permitted is somewhat unclear. Critics such as the Electronic Frontier Foundation insist that development of fair use tools is in fact effectively banned by the DMCA,[34] pointing to cases such as *Realnetworks, Inc. v. Streambox, Inc.*[35] as proof of this state of affairs. At issue in this case was a recording device which Streambox had designed and developed in order to record streaming content for time-shifting purposes — a recognised fair use exemption. RealNetworks, one of the major industry players in streaming content, sued Streambox under the DMCA anti-circumvention provisions; despite the fair use intention of the device, the court found that it was an illegal circumvention tool under the DMCA and granted an injunction against the product. In *Universal City Studios v. Ramirez*,[36] deCSS, a decryption program designed to circumvent the Copy Scramble System (CSS) applied to DVDs in order to facilitate copying of the disks, was held to constitute a banned technology under the DMCA: this despite the fact that the reported intention of the developers of deCSS was in particular to enable Linux users to watch DVDs on that platform, a legiti-

[33] UNINTENDED CONSEQUENCES, *supra* note 31, at 8.
[34] *Id.* at 8-9.
[35] No. 2:99CV02070, 2000 WL 127311 (W.D. Wash. Jan. 18, 2000).
[36] 111 F. Supp. 2d 294 (S.D.N.Y. 2000).

mate use which is not possible while the disk is encoded with CSS. This ruling also seems to block the development of circumvention tools designed to facilitate exercise of fair use rights more generally, a result which can be considered disruptive of the delicate balance between copyright holder and end user which has been developed over time.

A further criticism levelled at the DMCA provisions is that they are open to abuse by being used by large corporations to block legitimate competition from reverse engineering for purposes of creating interoperable products by competitors.[37] Sony in particular has been portrayed as the villain in this context.[38] In 1999, Sony brought actions against both Connectix and Bleem in respect of Playstation emulator software for, respectively, Apple Mac and PC platforms. While decompilation for the purposes of ensuring interoperability is a recognised fair use exemption, Sony sued in respect of the decompilation undertaken by both manufacturers, claiming this to be in violation of the DMCA provisions on circumvention. Sony later withdrew these claims. Neither company was found to be in breach of the DMCA, indeed, Connectix was ultimately recognised by the courts as having undertaken fair use reverse engineering.[39] Both companies, however, were unable to meet the high costs of litigating against a multi-national corporation like Sony, and ultimately the offending products were withdrawn from market.[40] Sony has also successfully sued the manufacturers of mod-chips for Playstation. Playstation games, like DVDs, are coded into regions relating to different geographical regions: a game purchased in the U.S.A. (Region 1) will not run on a U.K. (Region 2) Playstation. Mod-chips allow users to override the Region coding in their Playstations in order that games will work on the system irrespective of the region from which they have been purchased. Despite the fact that no copyright infringement was found to have taken place, the court in *Sony Computer Entertainment America, Inc. v. Gamemasters*[41] nevertheless granted an injunction against the mod-chip being sold under the DMCA.

Sony is not the only commercial company to come under such criticism. Other companies who have issued proceedings under the DMCA anti-circumvention provisions include Apple which took a small retailer that specialised in their products to task over modifications made to the

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37 UNINTENDED CONSEQUENCES, *supra* note 31, at 9.

38 *See generally id.* at 8-11.

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

40 UNINTENDED CONSEQUENCES, *supra* note 31, at 10; *see also* Pamela Samuelson, *Intellectual Property and the Digital Economy: Why the Anti-Circumvention Regulations Need to be Revised*, 14 BERKELEY TECH. L.J. 519, 556 (1999), *available at* http://www.sims.berkeley.edu/~pam/papers.html.

41 87 F. Supp. 2d 976 (N.D. Cal. 1999).

iDVD software in order to allow it to run on older, pre-internal DVD model Macs. Apple made a complaint on the basis of the DMCA, citing the modification of its software as an illegal circumvention, and requiring immediate suspension of such activities. The retailer in question agreed to comply;[42] presumably the alternative would be a costly lawsuit and probably degradation of the retailer-wholesaler relationship in this instance. Blizzard, which sued a collective of computer games enthusiasts who employed reverse-engineering in order to enable the creation of opensource software which would facilitate online game play of Blizzard games by end users. The software that the programmers used was held on a server which provided an alternative to the proprietary Blizzard Battle.net servers, and was distributed freely without any commercial purpose. Blizzard's action alleged that the enthusiasts' server had been used to facilitate online playing of pirated copies of their games; however this was not the intended purpose of the new software, and it was being used by its developers to play legitimate copies of Blizzard games.[43] At time of writing, the Blizzard litigation is ongoing.[44]

F. A (Re)balancing Act? Anti-circumvention Revisited

While the companies involved in the actions discussed above may be within their legal rights to take such actions, it must be considered that the defendants in these cases are far from the illicit, copy-infringing pirates that those who drafted such legislation originally had in mind. It seems at least a distinct possibility that such outcomes may occur under the EU/U.K. rules also. Various ways and means have been suggested to redress the balance of rights and responsibilities between copyright holders and end users in this digital context. One suggestion, designed in the U.S. to work with the DMCA rather than to replace its provisions entirely, is the DigitalConsumer.org "Bill of Rights"[45] for copyright users. This would grant a core set of rights to the user, comprising rights to time-shift, space-shift,[46] make back-up copies, "use legally acquired content on the platform of their choice," and convert legally acquired content "into comparable formats," for example, translation of an eBook into an audio format

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[42] UNINTENDED CONSEQUENCES, *supra* note 31, at 12.

[43] *Id.* at 11.

[44] Ongoing developments in this case, which is supported by the Electronic Frontier Foundation, may be found at http://www.eff.org/Legal/active_legal.html (last visited Aug. 11, 2004).

[45] *At* http://www.digitalconsumer.org/bill.html (last visited Aug. 11, 2004).

[46] "Space-shifting" is defined as "the right to use your content in different places (as long as each use is personal and non-commercial). For example, you can copy a CD to a portable music player so that you can listen to the songs while you're jogging." *Id.*

for a blind person. Essentially this so-called "Bill of Rights" seeks to enforce already-existing fair-use rights against the DMCA circumvention provisions which to date appear to have been applied as a de facto trump card over such traditional entitlements of usage regarding copyrighted works. Crucially, the sixth and final right in that Bill is the "right to use technology in order to achieve the rights previously mentioned": this would address head-on the perceived problem that while the DMCA theoretically addresses certain fair use exemptions to anti-circumvention, it fails in effect to provide these rights by failing to provide allowance for the tools required in order for them to be realised. Others have suggested more radical alternatives, involving a robust overhaul of our entire concept of copyright. Of course, the view that copyright, or intellectual property more generally, is outmoded has been around since the dawn of the Web as we know it. In 1994, John Perry Barlow famously opined: "Intellectual property law cannot be patched, retrofitted, or expanded to contain digitized expression any more than real estate law might be revised to cover the allocation of broadcasting spectrum. . . . We will need to develop an entirely new set of methods as befits this entirely new set of circumstances."[47]

We will now move on to the second part of this article where we examine the history, present and future of the copyright bargain and see what lessons may be learned to help us surmount these difficulties.

II. REFLECTIONS ON THE COPYRIGHT BARGAIN WITH SPECIAL REFERENCE TO ALTERNATIVE METHODS OF REGULATION PROPOSED TO ICT

In the Stephen Stewart Memorial Lecture in 1997, Judge Robin Jacob described intellectual property in the following terms:

> To call it "intellectual" is misleading. It takes one's eye off the ball. "Intellectual" confers respectability on a monopoly which may well not be deserved. A squirrel is a rat with good P.R. "Intellectual Property" is perhaps a phrase coined by the same P.R. agent for monopolies? One senior member of Chambers used to say when I was starting "we are the grit in wheels of industry." That was perhaps too cynical a view, but it is right to say that so-called intellectual property is the law of private monopolies affecting industry in its widest sense. It should be viewed in that light.[48]

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[47] Barlow, *supra* note 5.

[48] Robin Jacob, *The Stephen Stewart Memorial Lecture: Industrial Property – Industry's Enemy*, 1 INTELL. PROP. Q. 3-15 (1997).

This section addresses similar terminological concerns and expands them into a broader argument about the history and future development of copyright.

The terminological argument is simple and shall be dealt with immediately; it is a simple caveat very much in the spirit of Mr. Justice Jacob's comments. We often speak of the copyright bargain or the copyright contract. These terms carry with them certain intellectual baggage, a baggage that confers an aura of respectability on one hand and a veneer of social utility on the other. Copyright is not, however, a respectable market bargain or contract in the usual sense; there is no equality of bargaining power (indeed the bargain is often enforced on all the parties by legislation), often no formal contract exists, one of the parties at least may not actually gain any benefit and in many instances the creator of the work, the person we naturally feel should benefit from the arrangement, is not the copyright holder. Further, the fact that these agreements are often governmentally organised should not be used to impute that they are analogous to a social contract; those asked to give up their freedoms (i.e., consumers) obtain at the most only a very dubious benefit since the power of copyright to cause increased innovation is questionable.[49] Even the well-worn Lockean analogy seems weak, as the reasons underpinning it do not hold true for virtual goods.[50] Furthermore, the rhetoric used to describe the copyright agreement affects the questions we ask about it, as Litman puts it:

> When you conceptualise the law as a balance between the copyright owners and the public, you set up a particular dichotomy — some would argue a false dichotomy — that constrains the choices you are likely to make. If copyright law is a bargain between authors and the public, then we might ask what the public is getting from the bargain. If copyright law is about balance between owners' control of the exploitation of their works and the robust health of the public domain, one might ask whether the system strikes the appropriate balance. You can see how in some

[49] For work discussing this question, see, e.g., Stephen Breyer, *The Uneasy Case for Copyright: A Study of Copyright in Books, Photocopies and Computer Programs*, 84 HARV. L. REV. 281 (1970) and Richard Stallman, *The GNU Manifesto*, *in* FREE SOFTWARE, FREE SOCIETY: SELECTED ESSAYS OF RICHARD M. STALLMAN 31-40 (2002).

[50] For an excellent discussion on the theory of property rights, see Tom G. Palmer, *Are Patents and Copyrights Morally Justified? The Philosophy of Property Rights and Ideals*, *in* COPY FIGHTS: THE FUTURE OF INTELLECTUAL PROPERTY IN THE INFORMATION AGE 43-93 (Adam Thierer & Wayne Crews eds., 2002).

> quarters, this talk about bargains and balance might make trouble.[51]

Thus, it would appear we are constrained and possibly even deceived by the metaphors we have chosen to describe the social phenomenon of copyright.

If the terminology can prove problematic in terms of how it shapes our ideas and expectations of copyright law how much more important might our view of the history of copyright be? Chomsky has taught us that our thought processes are constrained by our language; that our conceptualisations are limited to those, which we have the language to express.[52] If this is the case, how much more limited must we be by the historical frameworks that surround our knowledge and place our understandings within an ideological context? The question then becomes who or what is shaping the history of copyright and what lessons are going unlearned from it because they are hidden from our understanding. The question of "Who's writing copyright's history?" has already been discussed in general terms by Kathy Bowrey in her article of that name.[53] Her argument is that the history of copyright is too fragmented: that different disciplines write it from their own perspective and fail to engage in interdisciplinary work. Thus, any history is but one fragment of the jigsaw. This is undoubtedly a valuable contribution. However, the focus of this article is to look again at the history of two of the major founding documents of copyright, the Statute of Anne and the American Constitution. We wish to see what visions of copyright are displayed in those documents and how they differ from the stories we know and the bargains we believe they lead us to uphold.

The Statute of Anne[54] is a common element in histories of copyright; usually it is given a brief treatment as the statute which sowed the seeds of modern copyright in the U.K.[55] This opinion needs reappraisal however, because, as Loewenstein has noted: "Most legal historians have contemplated the Statute of Anne with obstructed hindsight, coming at it through the sometimes deliberately confusing record of the case law it provoked . . . ."[56]

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51 JESSICA LITMAN, DIGITAL COPYRIGHT 79 (2001).

52 NOAM CHOMSKY, LANGUAGE AND MIND (2000), *available at* http://pnarae.com/phil/main_phil/total/chomsky1.htm.

53 Kathy Bowrey, *Who's Writing Copyright's History?*, 18 EIPR 322-39 (1996).

54 8 Anne, c. 19 (1710) (Eng.).

55 *See, e.g*, Brad Sherman & Lionel Bently, *The Making of Modern Intellectual Property Law*, *in* CAMBRIDGE STUDIES IN INTELLECTUAL PROPERTY RIGHTS 13-14 (1999).

56 JOSEPH LOEWENSTEIN, THE AUTHOR'S DUE: PRINTING AND THE PREHISTORY OF COPYRIGHT 249 (2002).

With this in mind there are some under-reported elements of the Statute of Anne, which deserve consideration here. The Statute of Anne 1710, which prima facie reflected Parliament's concern at the effect of piracy on authors,[57] and is often said to have created the author's copyright,[58] was enacted following intense lobbying by booksellers.

These facts, however, are not the full story; the Statute of Anne was actually concerned more with parallel imports. This contention is supported by a contextual analysis of the passing of the Statute of Anne. The statute was passed just after the Act of Union with Scotland. Scotland at that time did not have an equivalent system of guilds or a controlling body analogous to the Stationers' Company. The Act of Union of 1707 created a "common market" of Great Britain, and threw the lucrative English book trade open to competition from the provinces.[59] These publishers of Edinburgh and Glasgow were not subject to the London printing trade. Not only were they free to print and export old works, but the productions of modern authors as well. Several writers have suggested it was the Act of Union, which led to the Statute of Anne. Thus, Professor Christian wrote in 1814 that "It is very probable that the Union of Scotland three years before produced the copy-right act."[60] Another writer[61] observed that "The English Publisher . . . has laboured under the inconvenience of Scotch and Irish piracies of popular works, which were once sold even in London with impunity." By the eighteenth century, the growth of the reading habit in the provinces had led to the existence of country booksellers. These were to make common cause with the Scottish publishers.[62] The real motive behind the first Copyright Act, therefore, seems to have been an attempt to export copyright control to a region of Great Britain where the Stationers' Company's writ did not run. It was not motivated by a desire to create a protection from domestic piracy as is usually thought, since

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[57] The effect of widescale piracy of books was described in the Act, as being to the "very great Detriment and too often the Ruin of [authors and proprietors of books] and their Families."

[58] The statute was entitled "An Act for the Encouragement of Learning, by Vesting the Copies of Printed Books in the Authors or Purchasers of such Copies."

[59] There is perhaps an interesting parallel here with software manufacturers seeking stricter protection for their ways in the wake of the global common market of the Internet.

[60] EDWARD CHRISTIAN, A VINDICATION OF THE RIGHT OF THE UNIVERSITIES TO A COPY OF EVERY NEW PUBLICATION 13 (1814).

[61] T. Fisher, *Literary Property Considered*, GENTLEMAN'S MAGAZINE, Nov. 1813, at 522.

[62] THOMAS E. SCRUTTON, THE LAWS OF COPYRIGHT: AN EXAMINATION OF THE PRINCIPLES WHICH SHOULD REGULATE THE LITERARY AND ARTISTIC PROPERTY IN ENGLAND AND OTHER COUNTRIES 41 (1896).

by the very nature of the Stationer's Company and the printing trade itself domestic piracy was virtually unheard of.

This contention is further supported by the fact that just after the protection period afforded by the statute expired, the publishers opposed a bill which would have extended the term of copyright protection, because it would have required them to send a free copy of every published book to the libraries of deposit and although these were not numerous they considered the relatively modest cost excessive for further copyright protection.[63] Indeed, as late as 1837 the publishers mounted "a formidable campaign" against a bill that would have created a term of copyright of life plus sixty years. They finally got it watered down to a term of 42 years or seven years post-mortem whichever was the longer. (this was Talfourd's Act, the great Copyright Act 1842).[64] This opposition arose because of two factors. Firstly, the actual day-to-day practice of the trade had not been greatly altered by the Statute and many felt secure knowing that fellow Stationers would not impinge upon their rights. Secondly, the Stationers were circumventing the limitations placed upon them by the Statute of Anne by using the Courts of Chancery to assert that their copyright was in fact protected under the common law and subsisted in parallel with the provisions of the Statute.[65] The Stationers asserted their common law right by drawing upon the icon of the Author. The Author, they argued, had a perpetual natural right in the work based upon the simple moral principle that property should be the reward of industry.[66] This suited the Stationers' purposes because they could then argue that, since prior to the Statute of Anne, Authors assigned all their rights to the Stationers, the Stationers had this subsisting perpetual right. This was a cunning manoeuvre because it was the works of long-dead canonical Authors that were most imperilled by the Statute and most lucrative to the Stationers. This was significant because it was these same canonical Authors who had de-

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63 CHRISTIAN, *supra* note 60, at 44-45.

64 John Feather, *Authors, Publishers and Politicians: The History of Copyright and the Book Trade*, 12 EIPR 377, 380 (1988).

65 This is not the only occasion that the Courts of Chancery are used to try to (re)define the nature of copyright. Case law developed which conflicted over whether or not there was a natural authorial right which adhered to publishers who had purchased foreign (particularly American) copyrights and imprints and this controversy led to the need for international agreement on the topic. For an exhaustive history of the context and passage of these early agreements, see JAMES J. BARNES, AUTHORS, PUBLISHERS AND POLITICIANS: THE QUEST FOR ANGLO-AMERICAN COPYRIGHT AGREEMENT 1815–1854 (1974).

66 This period of cultural and legal history is rich in rhetoric and ideology surrounding the author; for those interested in charting its growth change and legal impact, see the Loewenstein text cited above.

nuded themselves of rights entirely under the old style publishing agreements and who even if this were not the case were unable to assert any rights the courts might see fit to attach to them anyhow. Arguing that there was an assignment of this common law Authorial right prevented competition over these works from other sources and served to remove the sting from the tail of the Statute of Anne. That the Stationers needed to do this is clear evidence that instead of being entirely the product of the Stationers own desire to secure their position, the Statute of Anne had in fact backfired upon the Stationers to some extent and actually served to weaken their monopoly in some respects. This contention is further supported by the complex and often confusing history of the Chancery cases subsequent to the Statute of Anne. In the Court of Chancery, the Stationers wield the icon of the Author to buttress their cause. Others, usually so-called pirate publishers, contend that this appeal to the Author is a sham on the part of the Stationers and a perversion of the Act and focus on the availability of cheap copies of good books for the general public. The theoretical, philosophical and political arguments advanced throughout the copyright struggle were grappled with by the courts in the landmark cases of *Millar v. Taylor*[67] and *Donaldson v. Becket*.[68]

In *Millar v. Taylor*, the judges adopted a predominantly classical liberal approach, concluding that the author's common law right of literary property arose before and after publication on grounds of "fitness" and "natural justice." As Willes, J., comments: "It is certainly not agreeable to natural justice, that a stranger should reap the beneficial pecuniary produce of another man's work."[69] Similarly, Aston, J., concluded that the "invasion of this sort of property is as much against every man's sense of it, as it is against natural reason and moral rectitude."[70] Consequently, Mansfield, J., concluded that it was also "agreeable to natural principles, moral justness and fitness" that the author's right should continue after publication as well as before, and that the "general consent of this kingdom, for ages, is on the affirmative side."[71] Further, Aston, J., comments "I confess, I do not know, nor can I comprehend any property more emphatically a man's own, nay, more incapable of being mistaken, than his literary works."[72]

By contrast, discussion in *Donaldson v. Becket* seems to have focused primarily on the economic, rather than aesthetic, implications of the author's common law right. Lord Camden, who opened the debate, insisted

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[67] 98 Eng. Rep. 233 (K.B. 1769).
[68] 98 Eng. Rep. 257 (H.L. 1774).
[69] *Millar*, 98 Eng. Rep. at 253.
[70] *Id.* at 242.
[71] *Id.* at 253.
[72] *Id.* at 224.

that ideas could not properly be regarded as property, and argued forcefully against the author's common law right on the basis that it amounted to a perpetual monopoly exercised not by authors but by the booksellers who purchased their copyrights. Men of genius did not write for money, he argued:

> Glory is the Reward of Science, and those who deserve it, scorn all meaner Views . . . . It was not for Gain, that *Bacon*, *Newton*, *Milton*, *Locke*, instructed and delighted the World; it would be unworthy of such Men to traffic with a dirty Bookseller for so much as a Sheet of Letter-press. When the Bookseller offered *Milton* Five Pounds for his Paradise Lost, he did not reject it, and commit his Poem to the Flames, nor did he accept the miserable Pittance as the Reward of his Labour; he knew that the real price of his Work was Immortality, and that Prosperity would pay it.[73]

This has a direct parallel with the dissenting Judgment of Yates, J., in *Millar* who maintained that the equation of ideas with property was "quite wild."[74] Lord Camden's position is consistently anti the Stationers, as he has been noted as commenting that the Statute of Anne came about because:

> "They" — the stationers, whose property by that time "consisted of all the literature of the Kingdom; for they had contrived to get all the copies into their own hands" — "came up to Parliament in the form of petitioners, with tears in their eyes, hopeless and forlorn; they brought with them their wives and children to excite compassion, and induce Parliament to grant them a statutory security."[75]

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[73] *Preface*, THE CASES OF THE APPELLANTS AND RESPONDENTS IN THE CAUSE OF LITERARY PROPERTY BEFORE THE HOUSE OF LORDS 54 (1774), *quoted in* Mark Rose, *The Author as Proprietor:* Donaldson v. Becket *and the Genealogy of Modern Authorship*, *in* OF AUTHORS AND ORIGINS: ESSAYS IN COPYRIGHT LAW 27 (Brad Sherman & Alain Strowel eds., 1994).

[74] *Millar*, 98 Eng. Rep. at 237.

[75] Lord Camden, *quoted in* BENJAMIN KAPLAN, AN UNHURRIED VIEW OF COPYRIGHT 6 (1966). In direct relation to the 1710 Act this does not initially appear accurate as the Journal of the House of Commons clearly indicates that the Stationers did not lay any Petitions before the House until the Bill had already had its first reading. However, there was a history of Stationers unsuccessfully petitioning Parliament in 1707 and 1709. It is notable, however, that these Bills were unsuccessful and that Parliament only agreed to the legislation after the idea of a residual property being reserved to the Author had been inserted. A provision that was most detrimental to the Stationers interests as prior to this assignment of copyright had been absolute.

Ultimately, however, their Lordships reached a compromise. Whilst recognizing that a natural right subsisted, they were concerned that a perpetual right could lead to a monopoly on the part of publishers. So, they recognized natural rights but decided that they fall away at the time of publication and that after publication one is required to fall back upon the statute. In other words, that authors could have natural rights but once these were assigned to the publisher through the act of publication they ceased to exist because the publisher could have no such right. Their Lordships were very much concerned with promoting the dissemination of literary works and the free flow of ideas. This fits in with the idea that an underlying purpose of the statute was the restraint and control of the Stationers' monopoly.[76] This purpose is also demonstrated by the final element of the statute we wish to mention here, the fact that the Statute of Anne contains pricing controls and a system whereby they can be enforced.[77]

Thus, the Statute of Anne then actually sets up a complex copyright bargain, which protects the interests of authors but constrains the monopolistic interests of publishers in favour of the needs of the consumer and the public interest. This is startlingly different from the traditional view we have of this statute as enshrining the rights of authors and or publishers and may explain why the modern U.K. approach is more conservative and moderate than its American counterpart.[78]

We now then turn to the basis of American copyright law, the American Constitution. Usually, there is a distinction drawn between the early American conception of copyright and the Statute of Anne as the American version is more noted for its utilitarian approach, promoting the creation of new intellectual property over the remuneration of authors and publishers.[79]

Article 1, section 8, clause 8, of the U.S. Constitution confers on Congress the power to "promote the Progress of Science and useful Arts, by securing for limited times to Authors and Inventors the exclusive Right to

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[76] According to Harry H. Chartrand, preventing a future monopoly in the book trade was the first of the three functions of the Statute of Anne. *See* Harry H. Chartrand, *Copy Right C.P.U. Creators, Proprietors and Users*, 30 J. ARTS MGMT. L. & SOC'Y (2000), *available at* http://www.culturaleconomics.atfreeweb.com/cpu.htm.

[77] 8 Anne, c. 19, § 4 (1710) (Eng.).

[78] It is, however, easy to see how historical analysis of the Statute has become focussed on the figure of the Author when both the Stationers and the pro-public benefit factions use it as a foil for their own arguments.

[79] Abrams, for example, insists that public benefit is the fundamental value underpinning the U.S. Constitution's copyright clause. *See* Howard B. Abrams, *The Historic Foundation of American Copyright Law: Exploding the Myth of the Common Law Copyright*, WAYNE L. REV. 1119 (1983).

their respective Writings and Discoveries." Later authorities have claimed that this phrasing subordinates the author's interests to the public benefit. For example, a report accompanying the 1909 revision of the clause construes constitutional intent as follows: "Not primarily for the benefit of the author, but primarily for the benefit of the public, such rights are given. Not that any particular class of citizens, however worthy, may benefit, but because the policy is believed to be for the benefit of the great body of people, in that it will stimulate writing and invention to give some bonus to authors and inventors."[80]

Recent research, however, has indicated that there were strong subsisting trends of authorial rights. The importance of authorial rights is evident in many of the pre-Constitutional sources, such as Noah Webster's *Origin of the Copy-Right Laws in the United States*,[81] in which the author recounts his attempts to persuade state legislatures to protect educational textbooks as a means of raising the level of American education. While stressing the manifold benefits of copyright to public instruction, professors at Princeton and the University of Pennsylvania commented that: "Men of industry or talents in any way, have a right to the property of their productions; and it encourages invention and improvement to secure it to them by certain laws, as has been practised in European countries with advantage and success."[82] Indeed, as Ginsburg argues, some early American copyright laws "set forth author-orientated rationales of which any Frenchman [post 1789] would be proud."[83] For example, the preamble to the Massachusetts Act of March 17, 1783 first announced a public benefit rationale, but then stated:

> As the principal encouragement such persons can have to make great and beneficial exertions of this nature, must exist in the legal security of the fruits of their study and industry to themselves; and as such security is one of the natural rights of all men, there being no property more peculiarly a man's own than that which is produced by the labour of his mind.

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[80] H.R. REP. NO. 60-2222, at 7 (1909), *quoted in* ALAN LATMAN, ROBERT J. GORMAN & JANE GINSBURG, COPYRIGHT FOR THE NINETIES (3d ed. 1989). Other interpretations are provided by L. Ray Patterson in *Copyright in Historical Perspective* (1968).

[81] Noah Webster, *Origin of the Copy-Right Laws in the United States*, *in* A COLLECTION OF PAPERS ON POLITICAL, LITERARY AND MORAL SUBJECTS 173-74 (Burt Franklin ed., 1968) (1843) (quoting letter of Sept. 27, 1782 by S. Smith).

[82] *Id.* n.21.

[83] Jane Ginsburg, *A Tale of Two Copyrights: Literary Property in Revolutionary France and America* (1990), *in* OF AUTHORS AND ORIGINS: ESSAYS IN COPYRIGHT LAW, *supra* note 73, at 139.

This subsisting trend points to a very different philosophical underpinning for American copyright law than the utilitarian approach that we consider to be the hallmark of American intellectual property in its early stages. Understanding this trend could help us explain the more owner-oriented approach, which has become dominant in American intellectual property today.

Understanding the history of the bargains we have created can reveal more to us about their nature and the possibilities of their future development. What is essential is that we understand the true nature of the bargain we have created. So far, we have looked at how a better understanding of history, less constrained by accepted history, may be shaping the bargains we have now which can explain certain trends in current intellectual property. History, however, is also in the making; do we truly understand the bargains we are creating now? Currently, there is a new challenge for intellectual property in the shape of ICT. It has been argued that these technologies challenge the bargains we have made and the current state of intellectual property. We shall now look briefly at these arguments before discussing the alternative bargains that exist to the strong copyrights we have discussed in first part of this paper. The challenge has come from the pro-technology anti-intellectual property trend within modern culture.[84] It shall be represented here by some brief comments from the "founding father" of the free software movement, John Perry Barlow.

Barlow argues that:

> Intellectual property law cannot be patched, retrofitted, or expanded to contain digitized expression any more than real estate law might be revised to cover the allocation of broadcasting spectrum . . . . Digital technology is detaching information from the physical plane, where property law of all sorts has always found definition.[85]

Barlow's piece, subtitled *Everything You Know About Intellectual Property is Wrong*, proceeds to challenge traditional views about what information is, how it is generated, conveyed and made valuable. A main focus of his attack on copyright is the idea/expression dichotomy. He demonstrates the conceptual weaknesses in this concept, with particular emphasis on the difficulties of applying it to digital media. What is significant about Barlow's contribution is that he is not addressing lawyers per se, but

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[84] *See, e.g.*, Andrew Hutkrans, *U2 Can Sue a Sample Simon, Negativland Talks with U2's The Edge*, MONDO 2000, issue 8, 1992, at 54; Steven Levy, *Cryto Rebels*, WIRED, May/June 1993, at 54; Barlow, *supra* note 5, at 84-89, 126-29; Sinson L. Garfinkel, *Patently Absurd*, WIRED, July 1994, at 105.

[85] Barlow, *supra* note 5.

the creators and investors in current technologies. The work has been very successfully shipped through the online community, reaching an audience likely to be intensely interested in his message. His organisation, the Electronic Frontier Foundation, has also become an important pressure group and publishing house on the topic.

For our purposes Barlow's perspective is interesting because it is based on a historical analysis of the concept of ownership and the varying bargains that have been accepted to protect that concept. He argues that information is replacing land, capital and hardware as the "property" of value. Information is commodified differently from "hard" goods — put simply, value is not necessarily generated by controlling its circulation. Barlow predicts that because of this, copyright will lose its popularity as a means of protecting information and innovation. It will largely be superseded by licensing contracts and encryption of programs, supported by a market ethic that rewards "information (that) wants to be free," but not necessarily at no cost. That is, the cyber-market is a place where consumers will loyally reward useful ideas and ease of access to the digital goods they desire and through this means a democratic kind of natural selection will advance manufacturers, inventors and artists of merit. These "organic" market mechanisms will replace the "artificial" reward structures established by copyright law. In other words, Barlow wants to re-insert truly free market values back into the information market place. Barlow's regime is only one of a range of bargains that is available as an alternative to existing copyright, but all of them are grounded in this idea that information needs to be free and that information as the prized commodity cannot be treated in the same way as material goods or even literary works.

There is a spectrum of alternative bargains ranging from those which hold that information should be both accessible and fiscally free to those who think that access to information should be limited to those who pay the fees demanded by owners. It is important, however, to remember that concepts promoting accessibility are not necessarily linked to those that promote information that is fiscally free. However, it should be noted that in practice lower prices will usually equate with broader access. In this article, we shall be briefly looking at three alternatives to existing copyright law in relation to the most valuable type of information currently available software.

Our first alternative is the concept of a creative commons as promulgated by Professor Lawrence Lessig; essentially the project is aimed at creators allowing them to share their products under a variety of licences specially developed by the creative commons organisation. As their Web site puts it:

> We use private rights to create public goods: creative works set free for certain uses. Like the free software and open-source movements, our ends are cooperative and community-minded, but our means are voluntary and libertarian. We work to offer creators a best-of-both-worlds way to protect their works while encouraging certain uses of them — to declare "some rights reserved."[86]

This approach is useful in that it provides information for those wishing to permit expanded use of their material; but, it does not contain any concept of what the copyright bargain should be, thus it does not offer a solution to the underlying conceptual difficulties for those discontent with the current system. As a result of this, it has a two significant technical problems. The first of these is that the Commons License has clearly been designed to facilitate transmission of information and data which the user can then use subject to a number of straight-forward restrictions. This is an admirable practical solution to a genuine intellectual need. Unfortunately, it also contains some problematic elements from the perspective of the creator. The first of these is that the license purports to make warranties of a very far-reaching nature which may not be apparent to the party submitting material. When selecting a Creative Commons Licence one is provided with three versions of the content: The so-called Human Readable, Lawyer Readable, and Machine Readable (essentially a metatag which allows searching for Creative Commons material). It may be useful to compare the human/lawyer readable versions. The Human Readable version is a summary version which states whether or not the creator requires attribution, permits commercial use or allows the creation of derivative works and the Lawyer Readable version is linked. However, only in the Public Domain Dedication (which is obviously not a license per se) could the current author find any readily apparent mention of warranty.

> The person or persons who have associated work with this document (the "Dedicator" or "Certifier") hereby either (a) certifies that, to the best of his knowledge, the work of authorship identified is in the public domain of the country from which the work is published, or (b) hereby dedicates whatever copyright the dedicators holds [sic] in the work of authorship identified below (the "Work") to the public domain. A certifier, morever, dedicates any copyright interest he may have in the associated work, and for these purposes, is described as a "dedicator" below.

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[86] Some Rights Reserved: Building a Layer of Reasonable Copyright, *at* http://creativecommons.org/learn/aboutus (last visited Aug. 11, 2004).

A certifier has taken reasonable steps to verify the copyright status of this work. Certifier recognizes that his good faith efforts may not shield him from liability if in fact the work certified is not in the public domain.[87]

Thus, the average user then may never know what lies tucked away in the Lawyer Readable version of the general sharing license:

5. Representations, Warranties and Disclaimer

a. By offering the Work for public release under this License, Licensor represents and warrants that, to the best of Licensor's knowledge after reasonable inquiry:

i. Licensor has secured all rights in the Work necessary to grant the license rights hereunder and to permit the lawful exercise of the rights granted hereunder without You having any obligation to pay any royalties, compulsory license fees, residuals or any other payments;

ii. The Work does not infringe the copyright, trademark, publicity rights, common law rights or any other right of any third party or constitute defamation, invasion of privacy or other tortious injury to any third party.

b. EXCEPT AS EXPRESSLY STATED IN THIS LICENSE OR OTHERWISE AGREED IN WRITING OR REQUIRED BY APPLICABLE LAW, THE WORK IS LICENSED ON AN "AS IS" BASIS, WITHOUT WARRANTIES OF ANY KIND, EITHER EXPRESS OR IMPLIED INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES REGARDING THE CONTENTS OR ACCURACY OF THE WORK.

6. **Limitation on Liability.** EXCEPT TO THE EXTENT REQUIRED BY APPLICABLE LAW, AND EXCEPT FOR DAMAGES ARISING FROM LIABILITY TO A THIRD PARTY RESULTING FROM BREACH OF THE WARRANTIES IN SECTION 5, IN NO EVENT WILL LICENSOR BE LIABLE TO YOU ON ANY LEGAL THEORY FOR ANY SPECIAL, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES ARISING OUT OF THIS LICENSE OR THE USE OF THE WORK,

[87] Creative Commons Public Domain Dedication, *at* http://creativecommons.org/licenses/publicdomain (last visited Aug. 11, 2004).

EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.[88]

This type of arrangement may well be practicable and suitable for members of the academic community of media professionals making a conscious and informed ethical and legal choice to allow the public to benefit in this way from their creativity. However, surely this warranty and indemnification places too great a burden upon the casual user, it is certainly different from many of the licences generally available to non-lawyers which traditionally offer goods on "an as is" basis explicitly excluding all warranties and indemnification. Added to this is that the licenses are perpetual, irrevocable and all-inclusive. All-inclusive in the sense that they are the sole source of terms for the license (no modifications being permitted and no waivers being allowed except by mutual agreement) and in the sense that with a small exception for Japan (for which there is a special license available) globally applicable. Looking at all these factors together would seem to leave the submitter open to a broad range of liabilities. Consider, for example, a simple family photograph taken at a theme park, museum or concert, what steps would it be "reasonable" for the submitter to take to be able to indemnify the licensee? Would they be required to seek permission from any third parties in the background? What if a trademark or copyrighted image is visible? One online commentator sums the feeling of the wary public up well:

> When you "warrant" something you are (from a lay person's viewpoint) guaranteeing the person using your work that you'll indemnify them against loss if you were wrong; i.e., you'll reimburse them for what they end up paying if they are sued. In this license, you are saying you have made "reasonable inquiry" to make sure that you have sufficient rights to what you are licensing to let others use it without paying royalties. If you put that license on your weblog, you are saying you've checked about everything, including quotes you've made, deep linking, images (including trademarks that may show in the background or people visible without a model release), sample code for patent infringement, etc., understand "fair use" law, and feel comfortable even if someone then went and put those images in a movie or something, or your sample code in a program and sold it. The standard for royalties and damages are different for different uses. (While "fair use" may cover material cited in commentary on an academic weblog, there are stories how even a TV in the

[88] Creative Commons Legal Code, *at* http://creativecommons.org/licenses/by-nd-nc/1.0/legalcode (last visited Aug. 11, 2004).

background of a film showing a popular TV show requires huge royalty payments.)[89]

It is the current authors' fear that the Creative Commons because it is anxious to work within the framework of existing copyright law has placed a burden upon its users in some instances which is beyond their capacity to bear. The need for this burden is clear if one is to obey and work within the existing regimes. In that sense this is not a criticism of the Creative Commons system.[90] However, is this really the approach we want to take in order to revive the spirit of community and sharing which once flourished on the Internet? Surely, the path ahead lies with a re-negotiation of the copyright bargain not an attempt to repair it.

The second alternative is perhaps the best known, copyleft. Copyleft is first and foremost an ideology. It is a belief system and the belief it propagates is that information should be free for anyone to use and develop and that it will be for the benefit of all to allow this to happen especially in the software world. As Richard Stallman, the founding father of the copyleft movement, put it: "Since the Age of Reagan, our greatest scarcity is not technical innovation, but rather the willingness to co-operate for the public good. It makes no sense to encourage the former at the expense of the latter."[91]

Copyleft law is also a subversion of mainstream intellectual property law because out of practical necessity it is parasitical upon it. Copyright, as we have seen, protects owners' property interests through prescribing a series of penalties for breach of the controls surrounding the use of a piece of intellectual property. These controls usually take the form of licensing agreements through which the original owner gives some share of his rights away to the end user, normally for a monetary or other consideration. Copyleft uses these traditional methods to further its own ideological goals, thus, copyleft may also be described as a type of licensing agreement. The features of a copyleft licensing agreement are that the source code of the programme is available for all users to run, copy, study how the programme works, distribute, change, modify and improve the

[89] DanB, An Issue People May Not Be Aware of With the Creative Commons Licenses, *at* http://www.satn.org/archive/2003_04_27_archive.html#2002 12947 (Apr. 29, 2003).

[90] The goals behind the Creative Commons are laudable and indeed are met by its existing schemes; because of this and the relative youth of the project the author does not wish to be unduly critical. However, it would be wise to advise anyone interested in using this type of license to think carefully and to scrutinise beyond the information generally presented to the lay user.

[91] Richard Stallman, *Why Software Should Be Free*, *in* COMPUTERS, ETHICS AND SOCIAL VALUES (Deborah Johnson & Helen Nissenbaum eds., 1995).

software.[92] Typically these clauses are also backed up with a prohibition against letting the code fall into the wrong hands — in this case, the wrong hands are those of the proprietary software manufacturers who will ghoulishly feed upon the innovation and hoard it for themselves.

Copyleft is also an attitude and a perspective on the world and how things should be in it. This attitude is the product of both the early history of the Internet and other social factors. Historically, the Internet was the domain of academics and technologists many of whom could be said to have incorporated the altruistic values of their discipline into the fabric of the Internet which is after all a tool that exists entirely to facilitate the transfer and flow of information. In addition, the process of acculturation to new technologies that has taken place has encouraged low level copyright infringements to become a part of everyday life. These two factors have combined to make a powerful psychological force on the Internet, where users are being increasingly wooed by cheap or free software anyway, to demand the freedom and transparency of much more information and intellectual property than is compatible with existing regulations.[93]

Copyleft and more particularly GNU software are the material expression of these attitudes and influences. The GNU public licence is perhaps the purist form of free software, invoking as it incorporates Stallman's copyleft ideology. Copyleft is essentially a whole new conception of the copyright bargain; this is communitarian and, although not anti-profit, focuses on accessibility and remuneration of creators not corporations who happen to own intellectual property.

These two alternatives illustrate the choices we are faced with in reforming copyright; do we accept the existing copyright bargain and work within them to make minor adjustments or we can re-examine them and make radical changes. Thus far, the process of radical change has seemed more successful. However, before concluding we must ask the question what if we ignore the bargain all together and focus on controlling infringing technology?

As we have already discussed in the first part of this paper many copyright holders have taken to using technical methods to protect their property; equally, those who would make use of this property are capable of

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[92] For examples of this type of agreement, see Apache License Version 2.0, *at* http://www.apache.org/licenses/LICENSE (last visited Aug. 11, 2004); GNU General Public License, *at* http://www.fsf.org/licenses/licenses.html (last visited Aug. 11, 2004); and GNU General Public License, *at* http://www.linux.org/ info/gnu.htm (last visited Aug. 11, 2004).

[93] For more on this, see Eric Schlachter, *The Intellectual Property Renaissance in Cyberspace: Why Copyright Law Could Be Unimportant on the Internet*, 12 BERKELEY TECH. L.J. 15 (1997), *available at* www.law.berkley.edu/journals/btlj/articles/12_1/Schlachter/html/text. .html.

countering these technological measures. If this were to be allowed to continue without legal interference then the best (worst?) we might hope for is property as a product of technological power, but the more likely scenario is a never-ending technological firefight between creators and unauthorised users. This may have the positive side effect of promoting technological innovation. However, it may also make it very inefficient to enjoy the fruits of these advances as more and more disk space, memory and code are devoted to ensuring access is limited to authorised users only. Furthermore, the ability of authorised users to customise the product, ensure interoperability, back-up, etc., and enjoy other rights currently associated with holding a license, may become more and more restricted as the programme becomes a more sealed environment to try and prevent copying.

Law has, however, already been invoked to try and prevent this conflict descending into perpetual technical warfare by the legislation controlling the use of circumvention technologies. This development has already been discussed at length in the first part of this article; here we merely wish to comment briefly on how this fits in with the arguments made here surrounding the copyright bargain.

We were led to consider the issue of circumvention technologies by considering an approach that tried to ignore the copyright bargain and opt for technical determinism. Now that law has been called upon to impact upon this technical conflict, we find that once again the copyright bargain has been ignored but this time in a potentially more damaging way. That is to say control of circumvention technologies has been implemented without considering the impact this will have upon fair use, and the power it gives existing copyright holders over how users access and use their products and more worryingly over how technology develops. Is this truly in line with the traditional motivations for the existence of intellectual property, that is, to promote and reward innovation in order to expand the public store of knowledge?

The purpose of this article is to call attention to the ever-expanding nature of copyright and to suggest that an examination of its history and the bargains which copyright entails is the way to grow and develop intellectual property to meet the challenges of modern technology. To conclude, I would like to echo the words of Mr. Justice Laddie:

> When these ghosts of the past stand in the path of justice clanking their mediaeval chains, the proper course is for the judge to pass through them undeterred. In relation to a statutory monopoly like copyright, it is not open to a judge to pass through undeterred. He must apply the law. But it is possible to see that in the case of copyright not only do the mediaeval chains remain, but they have been reinforced with late 20th century steel. Per-

haps the time has come when we should look again at the underlying assumptions on which this monopoly is based.[94]

[94] Hugh Laddie, *Copyright: Over-strength, Over-regulated, Over-rated*, 18 EIPR 253 (1996).

THE *SINE QUA NON* OF COPYRIGHT

by DEBORAH M. HUSSEY*

INTRODUCTION

"The *sine qua non* of copyright is originality."[1] Though the originality requirement for copyright is not explicit in the Copyright Clause,[2] it has been expressed in the Copyright Act of 1976[3] and described by the U.S. Supreme Court as the "bedrock principle of copyright" and the "touchstone of copyright protection in directories and other fact-based works."[4] In *Feist*, the question of originality was troubled, in that the Rural Telephone Company's directory for which copyright protection was sought was a compilation of facts, which are in themselves uncopyrightable. Though in *Feist* the Court held the directory uncopyrightable for insufficient originality, the Copyright Act does provide for copyright even in compilations of individually uncopyrightable facts.[5]

That even factual compilations may be subject to copyright suggests that copyright vests all the more tenaciously in works of art. Nonetheless, the question of originality persists with respect to works of art that are produced in series, or using composite methods that may involve the work of others in addition to that of the signatory artist. This article examines the status of the originality of "Rodin" bronzes, in an attempt to discern the realm of the original that subtends copyright and alternative intellectual property rights with respect to works of art.

Auguste Rodin died on November 17, 1917. Yet, through his heirs, he continues to produce bronze sculptures. The status of the posthumous bronzes inspires lively debate in the art world. Some take the position that all posthumous bronzes are fakes, or at best, reproductions of art but not

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1 Feist Publ'ns v. Rural Tel. Serv. Co., 499 U.S. 340, 345 (1991).

2 U.S. CONST. art. I, § 8, cl. 8.

3 17 U.S.C. § 102(a) (2000).

4 *Feist*, 499 U.S. at 347.

5 17 U.S.C. § 101 (2000).

art in themselves, because "Dead men don't create art . . .!"[6] Nonetheless, when the bronzes are cast in accordance with legal and artistically appropriate processes, they tend to be regarded as legitimate, authentic, original Rodins by French law, U.S. Customs law, and the international art market. What is at the heart of the debate over the status of Rodin's posthumous bronzes, and why do the people engaged in it care about its outcome?

I. THE TERMS OF THE DEBATE

Some of the terms already used must be clarified in their application to bronze sculpture. Unlike directly carving in stone a unique, finished piece, sculpting in bronze is what Jean Chatelain calls a "compound art," one in which the artist employs craftsmen to realize his work in a finished form.[7] The artist creates a model (maquette), usually in a pliable medium like clay, wax, or plaster. One or more plaster versions of the model are then made: those kept by the artist are called "studio plasters," while those sent to the foundry for use in casting are called "foundry plasters." Rodin viewed his studio plasters as "finished, original, independent work[s] of art, the form in which he liked to show his work" to potential buyers.[8] Bronzes are cast from the foundry plasters. Often a foundry will make its own duplicate of a plaster, so that it can conveniently continue producing casts even if the plaster is damaged; foundry plasters often become distorted since discoloring, softening substances may be applied to them to facilitate their use in the bronze casting process.

Bronzes can be cast from any of these plasters, and multiple bronzes can be cast from any single plaster. A bronze that emerges from the plaster at the foundry is rough, requiring chasing (filing off odd edges and other undesirable artifacts of the casting process) and patination that may be done by the artist or by others. Sometimes an artist will send a plaster to the foundry and cease to be involved closely, never seeing the finished sculpture.

II. ORIGINAL REPRODUCTION

After the creation of the maquette, each step in the production of a bronze lends itself to multiple production, sometimes confusingly called

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[6] Gary Arsenau, Deception 7 (updated May 25, 2000) (self-published manuscript) (on file with Bernard Barryte, Chief Curator, Cantor Center for Visual Arts, Stanford University).

[7] Jean Chatelain, *An Original in Sculpture*, *in* RODIN REDISCOVERED 275 (Albert E. Elsen ed., 1981). Although Chatelain implies that an artist *must* employ craftsmen to finish a work of compound art, that is not necessarily the case; it is certainly the norm.

[8] Aida Edemariam, *I Think, but I'm Not Quite Sure Who I Am*, THE GUARDIAN, Oct. 2, 2001, at 12, *available at* http://www.guardian.co.uk/Archive/Article/0,4273,4268162,00.html.

"reproduction." Which of the many objects produced at the many steps of the process of casting a bronze should be called an original? The *Oxford English Dictionary* ("*OED*") defines "original" as: "1. Of or pertaining to the origin, beginning, or earliest stage of something; that belonged at the beginning to the person or thing in question; that existed at first, or has existed from the first: primary, primitive; innate; initial, first, earliest."[9] Applying this definition to this process, it is clear that the maquette is original: it is of the earliest stage of the process, it first belonged to the artist, and the rest of the entire process proceeds from it, i.e., is secondary to and was made later than the maquette. All of the subsequent steps on the way to the bronze are necessarily not of the earliest stage and have not existed from the first step in the process, so they do not seem to fit under this definition of "original."

The dilution of originality into multiplicity under sense 1 of "original":

maquette →	plaster model made by artist: "studio plaster" or "foundry plaster" →	often, duplicate plaster model made by craftsmen to use in casting, while protecting the plaster that was sent to the foundry: "foundry plaster" →	bronzes, cast from any of the plasters
unique	there may be > 1	there may be > 1	there may be > 1
originality, time → → → →	→ → → →	→ → →	→

The other most relevant modern usages of "original" are:

> 4. Produced by or proceeding from some thing or person directly; not derivative or dependent; a. Proceeding immediately from its source . . . not arising from or depending on any other thing of the kind; underived, independent. [Examples of this usage are given.] b. Made, composed, or done by the person himself (not imitated from another): first-hand. [Examples of this usage are given.]
>
> 5. Having the quality of that which proceeds from oneself, or from the direct exercise of one's own faculties, without imitation of or dependence on others; such as has not been done or produced before; novel or fresh in character or style.[10]

All of these criteria apply to the maquette.

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[9] THE COMPACT EDITION OF THE OXFORD ENGLISH DICTIONARY 2010 (1971) [hereinafter OED].

[10] *Id.*

The studio plaster or foundry plaster made by the artist, though derived by him from the maquette, is also produced by him directly, and does not depend on any other thing of the kind, i.e., any other plaster model. These two senses of "original" seem applicable to a plaster model made by the artist, though it is not from the original step in the process, and thus is not captured by sense 1.

Interestingly, none of these definitions — even sense 1 — turns on uniqueness. Though uniqueness might be inferred from the usage of terms like "primary," "initial," "first," "earliest," "not derivative or dependent," and "novel," it is conceivable that two or more objects could at once be first, as when a sphere is sliced in half and two equivalent, interchangeable hemispheres are produced at the same instant, so that both could be called original hemispheres (and an infinite number of such slices could theoretically be made at once, producing multiple original sections). Hence, one could meaningfully employ the phrase "an original multiple" to describe one of these equivalent sections.

In the process of plaster molding or bronze casting, just as in that of giving birth to twins, however, such simultaneity is not attained: if two models are made by the artist from the maquette, one is made first, just as one twin emerges some time before the other. One reading of sense 5 suggests that simultaneity is required for multiple originality: the object must be such as has not been done or produced *before*. However, this kind of distinction suggests that in producing a set of multiples, the artist has actually originally created only the first that happened to be realized, and then merely imitated the original in producing the others. This distinction seems a bit absurd, and for the most part falls below the resolution of scholarly and documentary scrutiny of artistic processes as a practical matter. Perhaps if the artist were to make two models in quick succession, and note on the first (one hopes, for the sake of accuracy), "I made this one first," and on the second, "I made this one second," the first might be considered more original than the second because of sense 1, and hence more valued. The more likely response to this unlikely scenario would be that if any difference in the quality of these two models were detected, that of better quality would be the more valued, while they would both be viewed as original because they were produced directly by the artist, in strict accordance with sense 4. Production by the artist is the key to sense 4 (and arguably, to sense 5) of "original," whereas the exact moment of production is the key to sense 1. Sense 4 is more pertinent to discussions of bronze sculpture in the art world, and still allows the phrase "original multiple" to have meaning.

Furthermore, an obsolete sense 2 of "original" is that of "[h]aving the same origin; sprung from the same stock, or native of the same place,"[11] so that one thing could be "original with" another, as a person is original with someone born in the same town. That this usage is obsolete may indicate that in modern times we favor originality in a stricter sense, but it also indicates that the term has been able to accommodate much greater breadth than sense 1 allows.

If multiple studio plasters (and plasters made by the artist for the foundry) can be original in sense 4, what about plasters made by the foundry, and the bronze casts themselves? They do not proceed directly from the artist's hand: they are derivative of his plaster(s), which for foundry-made plasters are other "things of the kind," so that they fail to satisfy sense 4.a. Upon initial comparison, it appears that these objects do not fit neatly into sense 4, and hence may not be original multiples.

If one were to examine the process of creating a bronze sculpture step by step, perhaps it would be accurate to describe the maquette as the original, or first step, and to describe the bronze as a reproduction of the maquette. "Reproduction" is most pertinently defined as: "2. A copy or counterpart; in recent use *esp.* a copy of a picture or other work of art by means of engraving or some other process,"[12] and "copy" as: "II. A transcript or reproduction of an original. . . . 3. A picture, or other work of art, reproducing the features of another."[13] If there is only one original, as there is when sense 1 of "original" is applied, that original is the maquette. Plasters may come under the definition of "reproduction" as counterparts; they are also part of the means of reproduction, as engraved plates are in producing prints. The cast bronze is a copy that reproduces the maquette's features. From this view, *any* cast bronze can be only a reproduction, and never an original, even were the artist to perform the entire process of its production himself (as did Barye[14]).

However, the process in question is that of creating a bronze sculpture, not simply that of creating a maquette. If the artist had the production of a bronze in mind as he created the maquette and the plasters, these "may be viewed as *preliminary versions* of the bronze which then becomes the finished work or art and hence the original."[15] The term "original"

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11 *Id.*

12 *Id.* at 2501 (italics retained).

13 *Id.* at 555.

14 Sylvia Hochfield, *Problems in the Reproduction of Sculpture: 'Flagrant Abuses, Pernicious Practices, and Counterfeit Sculpture Are Widespread'*, ARTNEWS, Nov. 1974, at 20, 24.

15 The College Art Association, *A Statement on Standards for Sculptural Reproduction and Preventive Measures to Combat Unethical Casting in Bronze, appendiced to Legal and Illegal Counterfeiting of Art in America, in* THE PENAL PROTECTION OF WORKS OF ART 414 (Shoshana Berman ed., 1983)

may be salvaged to distinguish some bronze casts from others. For instance, if the artist had performed every step in the process of producing a bronze cast, from making the maquette to applying the patina, it could be meaningful and useful to call the bronze an original of that artist. Under sense 4 the maquette is a unique original, the plaster is original (and, if there is more than one, they are multiples), and any bronze cast by the artist is original (and, if more than one, multiples) as well. Colloquially in the art world, however, original multiples in bronze are often called "reproductions," so that the confusing phrase "original reproduction" is actually used to denote an original multiple.

Originality and multiplicity are compatible under sense 4. For example, in the limiting case in which the artist performs the entire process:

maquette	→ plaster models made by artist and used in casting	→ bronzes, cast by artist from any of the plasters
unique	there may be > 1	may be > 1

originality remains constant

Thus, in principle, under the strict, black-and-white, plain English definition 4 of "original," plaster models made from a maquette, and bronze sculptures made from those plasters, may legitimately be called "original," even if there are many of either. In common practice, however, artists did not personally cast the bronzes from their plasters, and foundries as a matter of course made their own plasters from the artist's plaster, to protect that sent by the artist. This collaboration was the norm — perhaps because not all sculptors were skilled founders, but also because bronze casting is very costly; Barye went bankrupt as a sculptor casting his own work.

Collaborations occur in all compound arts: in the production of fine prints, e.g., the artist engraves the plate, and the printer produces the final images from the plate. Requiring the artist's presence at every step in the production of a work of art bars all compound art from originality. Because the term "original" could still have a useful meaning with respect to the status of compound art in the art world — such as that of distinguishing between legitimate sculptures (or prints) and forgeries — "original" takes on meanings that are adapted to the context of the compound arts, meanings of which some commentators seem unaware.

If such adaptations of these terms seem arbitrary, that is no call to abandon their use all together. It is important to bear in mind that ambiguity is inherent in language, as is evident even in the venerable *OED*, which traces the development of our language over centuries and is an

(International Institute of Higher Studies in Criminal Sciences, Quaderni di Scienze Criminali) (emphasis added).

authoritative reference for its proper usage. For example, in another (though much less used) sense of "copy," it denotes an original: "IV. That which is copied. 8. The original writing, work of art, etc. from which a copy is made."[16] It can be no less called for to adapt terms to the context of their use than to use them in their strictest but most contradictory senses.

Alternatives to the further, careful definition of "original" in these contexts are: deciding that all works of compound art are illegitimate because they are not original as defined by the *OED*, or making up or adapting another word. It is important in discussing significant sectors of the art market, and to the historical rigor and accuracy of our understanding of art, to distinguish legitimate from illegitimate works of compound art. It seems sensible to employ the terms already used for that purpose — even though they are potentially confusing — in order to prevent even greater confusion. Awareness of the special senses of "original" and "reproduction" used in these contexts does much to clarify the debates over the status of posthumous bronzes.

As these terms are contested in the art world, professionals work to develop definitions appropriate for their fields and to develop consensus around those definitions. For printmaking, e.g., the Print Council of America defines an original print as:

> a work of art, the general requirements of which are: 1. The artist alone has created the master image in or upon the plate, stone, woodblock, or other material for the purpose of creating the print. 2. The print is made from the said material by the artist or pursuant to his directions. 3. The finished print is approved by the artist.[17]

The cited authors discussing this definition have noted that generally, these adapted definitions of "original" have been too broad, or else become quickly outmoded by artists who challenge the categorization of art into originals and reproductions.

III. AUTHENTIC

The debate over whether or not a work is original is actually part of a more fundamental debate over whether or not a work is *authentic*. While bronze sculpture and printmaking can be characterized as "reproductive

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[16] OED, *supra* note 9, at 2010.

[17] JOHN HENRY MERRYMAN & ALBERT E. ELSEN, LAW, ETHICS AND THE VISUAL ARTS 793 (3d ed. 1998) (quoting PRINT COUNCIL OF AMERICA, WHAT IS AN ORIGINAL PRINT? PRINCIPLES RECOMMENDED BY THE PRINT COUNCIL OF AMERICA (1967)).

arts"[18] and we could debate over whether even Barye's bronzes that he himself cast are originals, reproductions, or original reproductions, the controversy that matters is over whether a cast is authentic, legitimately to be associated with the artist. The *OED* pertinently defines "authentic" as: "3. entitled to acceptance or belief, as being in accordance with fact, or as stating fact; reliable, trustworthy, of established credit. . . . 6. Really proceeding from its reputed source or author; of undisputed origin, genuine. (Opposed to *counterfeit, forged, apocryphal*. . . .).[19]" Because sense 4 of "original" can be read into sense 6 of "authentic" — both of which are most pertinent to art works — when scholars debate over whether a Rodin bronze is "original"[20] they are simultaneously trying to win the debate over whether it is authentic.

However, "original" is also somewhat distinguishable from "authentic": while originality depends upon being produced by someone *directly*, proceeding *immediately* from its source, and being made by the artist *first-hand*, authenticity depends only upon "*really*" proceeding from its reputed source, and thus being entitled to acceptance or of established credit. Whether or not production by the artist is first-hand or direct, and whether or not the work proceeds from its source immediately, is outside the scope of the definition of authenticity to the extent that those qualities are distinguishable from "real."

Since the decision whether something is authentic is at least partly a political decision,[21] scholars attempt to win the debate on the seemingly more objective ground of the original. However, as we have seen, the choice of a definition of "original" to apply can be in turn a political

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[18] Chatelain, *supra* note 7, at 278.

[19] OED, *supra* note 9, at 143.

[20] As for example, in the symposium "What Is the Original?" held in conjunction with the exhibition, *From Plaster to Bronze: The Sculpture of Auguste Rodin*, at the MacLaren Art Centre, Barrie, Ontario, Canada on Nov. 6, 2001.

[21] For, as Monique Laurent notes, the decision that the first twelve original multiples will count as authentic, while the thirteenth that is in all other respects the same will be a reproduction, is arbitrary. Monique Laurent, *Les Éditions de Bronze du Musée Rodin*, *in* RODIN ET LA SCULPTURE CONTEMPORAINE 13, 16 (Musée Rodin ed., 1983). Such arbitrary line-drawing is a political process. Here, the interest of obtaining higher prices for scarcer works (*see id.*) is balanced against the greater dissemination of Rodin's œuvre. *See also* Chatelain, *supra* note 7, at 277: The "material difference existing between an original edition and those that come after . . . is not imposed by material limitations but willfully decided by men," and:

> [R]arity . . . arises out of the purely arbitrary decision to limit examples to a given number. . . . [A]nything is more valued when it is rare. . . . [I]t is quite normal for this formula of rarefaction to be used to boost the value of arts which might otherwise by underestimated due to the very fact that they are reproductive arts, producers of multiples.

Id. at 278.

choice: many definitions are available and all have different implications for the debate.

Various definitions of "originality" and their implications for authenticity:

Definition:				
"original" is defined so that only the maquette is original, and not the bronzes	→ maquette, studio plaster and foundry plaster are original if the artist made them; bronzes are original if he personally finished or approved them	→ bronzes are original only if made from artist's plaster under his personal supervision	→ bronzes are original only if made from artist's plaster with his authorization, with or without his personal supervision	→ it doesn't matter whether bronzes are original; they are authentic if they represent the artist's idea
Implication:				
since all bronzes are reproductions, there is no "original" bronze: either originality does not enter the question of their authenticity, or it does and no bronze can be authentic	bronze may or may not be an original: the question of its originality and authenticity remains open	bronze may or may not be an original: the question of its originality and authenticity remains open	bronze may or may not be an original; question of its originality and authenticity remains open	since originality does not enter the question of their authenticity, whether or not bronze is "original" is moot

originality

For scholars using the middle three definitions of "original," the question of authenticity depends in part on the answer to the question of originality: an original bronze will more readily be regarded as being entitled to acceptance, or as bearing established credit. I now turn to the great debate over what counts or should count as an authentic Rodin bronze, and the interests of various players in the art world in its outcome.

IV. THE ARTIST: RODIN'S POSITION AND INTERESTS

To determine how Rodin regarded his bronzes and why, we may examine the records of his production. Rodin produced his bronzes in a variety of ways. He always collaborated with founders: there are records of his collaboration with twenty-eight foundries of various prominence.[22] Wanting to disseminate his works, he customarily authorized unlimited production of his bronzes, while to please certain collectors, he would also

[22] Laurent, *Éditions de Bronze du Musée Rodin*, *supra* note 21, at 14.

agree to make only one cast of a purchased work and to destroy the plaster.[23] His level of involvement in his collaborations with the foundries varied: Albert Elsen writes, "[Rodin] was particularly concerned with the first casting of a major work. Thereafter, he expected his assistants to follow his standards."[24] Antoinette Romain, General Curator of Sculptures at the Musée Rodin, opines that particularly for large editions, it is unlikely that Rodin personally supervised the finished casts.[25] Reduced multiples of *The Kiss*, of which 319 were produced with Rodin's blessing between 1898 and 1918, were cast, finished and sold by the foundries without Rodin's further involvement.[26] Patination was often carried out not by Rodin, but by specialists who did not necessarily work at the casting foundry (e.g., Jean Limet, whom Rodin particularly trusted, patinated most Rodin bronzes cast between 1900 and 1915). A former curator of the Musée Rodin cautioned that "the notion of strict control of the casts and the patinas by Rodin himself needs to be shaded, at least from [i.e., since] 1900."[27]

Some of Rodin's writings reveal his attitude towards posthumous bronze casts of his works. On April 1, 1916 he donated to France all of his works of art and the attendant right of their reproduction. The only time Rodin himself imposed a limit on the number of bronzes to be cast was in this instrument, in which he reserved to himself a limited reproduction right for the remainder of his life: to produce no more than ten casts of the same work (a right which he never exercised).[28] In his will dated April 25, 1917, he entrusted the organization of the museum that would be created to assume custody of his works to Léonce Bénédite, who was then the Curator of the national museum of Luxembourg. This museum, the Musée Rodin, was created by decree of the French government on March 12, 1919.[29] In a letter Rodin wrote to Bénédite in September of 1916, he

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[23] *Id.*

[24] Albert E. Elsen, *On the Question of Originality: A Letter*, 20 OCTOBER 107, 108 (Spring 1982). This is analogous to printmaking, in which an artist will approve a proof as ready to pull, and then entrust the printing to the printers.

[25] Telephone Interview with Antoinette Romain, General Curator (Sculptures), Musée Rodin, Apr. 26, 2002 [hereinafter Romain Interview].

[26] Laurent, *Éditions de Bronze du Musée Rodin*, *supra* note 21, at 15; the number 319 is from Sarah Milroy, *Rodin: Truly, a Bust*, GLOBE AND MAIL (Toronto), Sept. 22, 2001, at R15.

[27] Monique Laurent, *Observations on Rodin and His Founders*, *in* RODIN REDISCOVERED, *supra* note 7, at 285. "From" is probably a translation of "depuis," which also (and more appropriately here) means "since."

[28] Laurent, *Éditions de Bronze du Musée Rodin*, *supra* note 21, at 15; Laurent, *Observations on Rodin and His Founders*, *supra* note 27, at 285.

[29] Monique Laurent, *Vie Posthume d'un Fonds d'Atelier: Les Éditions de Bronzes du Musée Rodin*, *in* LA SCULPTURE DU XIX[e] SIÈCLE, UNE MÉMOIRE RE-

expressed his wish that, to the extent the revenue from the exercise of his rights of authorship would allow, his works that existed only as plasters in his studio at Meudon be cast in bronze, so that his entire œuvre definitively could be realized.[30]

From this information we can infer that Rodin wanted to disseminate his works so that he would have a large audience, that he wanted to please collectors so that they would pay well for his works, that he wanted to control the quality of his bronzes so that his reputation as an artist would be great, that he wanted his works to be preserved through time, and that he wanted the œuvre he had envisioned — but had not the time nor resources to complete — to be realized. Perhaps he limited his own production to editions of ten when he donated his works to France because he was trying to reserve for himself only personal use while he still lived.

The artist's interests in having a large audience and in having his œuvre realized posthumously are in tension with his interests in quality control, in fetching greater prices for rare or unique works, and in preserving his œuvre as he himself envisioned it. As is clear from his 1916 letter to Bénédite, he balanced these interests in his own mind, and decided to entrust quality, preservation, and price control to his heirs so that he could reach a greater audience over time. In discussing Limet, Laurent points out that Rodin was generally reluctant to trust others with his artistic execution. However, it follows that since he was clearly capable of such entrustment even while he was alive, he would likely be all the more prepared to entrust his work to his heirs after his death. Perhaps Rodin's donation of his works to the state reflect his concern for the broader

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TROUVÉE. LES FONDS DE SCULPTURE, RENCONTRES DE L'ÉCOLE DU LOUVRE 245, 246 (1986) [hereinafter *Vie Posthume*].

30 "Je voudrais autant que le permettront les resources de mes droits d'auteur, que mes œuvres qui n'existent qu'en plâtres à Meudon soient réalisées en bronze pour donner un aspect définitif à l'ensemble de mon œuvre," *quoted in* Monique Laurent, *Éditions de Bronze du Musée Rodin*, *supra* note 21, at 18.

John Tancock of Sotheby's New York wrote that, because Rodin tended to fiddle with multiples of his plasters, "Rodin explained to Sir William Rothenstein that his plasters were plasters and were not suitable for casting in bronze. Once this is done the work, as it were, leaves the artist's hands and is fixed for eternity. Degas felt this and so did Rodin." John Tancock, *Rodin Is a Rodin Is a Rodin*, ART & ARTISTS, July 1967, at 38. However, while Degas expressly did not want his works to be cast in bronze, at least while he was alive (*see* Hochfield, *supra* note 14, at 29 (quoting Degas: "Bronze is for eternity. You know how I like to work these figures over and over. When one crumbles, I have an excuse for beginning again."), Rodin clearly did. Perhaps Rodin reasoned that since he would not be able to tinker with his plasters any more at any rate, he would prefer his works to be fixed for eternity rather than to languish without ever being realized in a more enduring medium.

French cultural context to which his works contribute, and his judgment that the state would be in the best position to make the most of his contribution to that culture. Since he wanted the whole of his work definitively realized posthumously, his position vis-à-vis his posthumous casts is most likely that they are authentic if made from his plasters (and he was very careful to recover those he sent to his foundries[31]) under the supervision of his heirs.

V. THE ARTIST'S HEIR, THE STATE, AND A MUSEUM: THE POSITION AND INTERESTS OF THE MUSÉE RODIN

Rodin left his studio and its contents to France, which created the Musée Rodin as a hybrid of the public and private museum: a national museum whose financial autonomy is essential to its existence.[32] The Musée depends on income derived from the contents of Rodin's studio, especially his plasters. The Musée Rodin's position in the debate is that bronzes are authentic Rodins if made from his plasters under his authority, which has devolved to the Musée as his heir. While the "Musée Rodin is not Rodin himself,"[33] the Musée strives to be faithful to his vision, of which it is better informed than anyone.[34]

The Musée Rodin bears Rodin's moral rights as an artist, which are general and perpetual under French law and include rights of integrity of or respect for the work, its paternity or attribution, divulgation or withholding, withdrawal and modification.[35] It holds his rights of reproduction, which are the rights to produce additional bronzes from plasters cast during his life (in addition to his right of divulgation, which is that of producing casts from plasters that have never been cast). It also held his copyright until it expired in 1982, and will continue to exercise copyright over newly divulged works for fifty years from the date of their divulgation, in accordance with the French law on literary and artistic property of March 11, 1957.[36]

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31 Laurent, *Observations on Rodin and His Founders*, *supra* note 27, at 292.

32 "[L]e fonds d'atelier de Rodin . . . est à l'origine d'un élément essentiel de la vie du musée, son autonomie financière." Laurent, *Vie Posthume*, *supra* note 29, at 245.

33 Romain Interview, *supra* note 25.

34 "I am the curator in charge of the Rodin sculptures. So I spend my life among the plasters of Rodin and I think that I am the person who knows them better than anyone else." Antoinette Romain, General Curator (Sculptures), Musée Rodin, *quoted in The Rodin Controversy* (CBC News Online: Katie MacGuire & Owen Wood, Carol Off, Reporter (aired Aug. 16, 2001)) [hereinafter *Rodin Controversy*].

35 MERRYMAN & ELSEN (3D ED.), *supra* note 17, at 235, 237.

36 Laurent, *Vie Posthume*, *supra* note 29, at 250.

Besides the donation, letter and will discussed above, Rodin left no detailed instructions about which plasters should be cast posthumously, nor how many.[37] Monique Laurent, a former curator of the Musée, has admitted that the Musée did not always carry out its responsibilities impeccably: at various times during its earliest years and through the end of the Second World War, its records were often not well kept, its external sales manager was engaged in forgery, its exclusive foundry before 1926 (Rudier) may have sold casts from its plasters without the Musée's authorization (and without keeping its own records of such sales), and the occupying force during World War II conducted its own production and sales of bronzes.[38] Adding these uncertainties to the fact that Rodin did not limit production of his bronzes while he was alive (except when a particular collector required him to do so for a particular piece), it is unknown how many bronze sculptures could be considered authentic under the criteria of being made from his plasters and under his authority.

Arguably, any and all casts from Rodin's studio plasters produced under the authority of Rodin or his heirs could be considered equally worthy of being accepted as authentic. However, for purposes of maintaining the scarcity that will protect their investment value,[39] at first the Musée and later French law imposed a limit on the number of otherwise equivalent casts that legally could be authorized. This number is arbitrary in that it is not derived from some physical difference between casts that fill the edition and those that would otherwise be authentic but for the fact that the edition has been filled.[40] In February 1946, the Musée limited the number of casts it would authorize to those that would fill out an edition of twelve of any previously cast work, and kept better documentation to help it keep track of how many casts had been made.[41] After about 1950 when it began to divulge bronzes from plasters that had never been cast, these were numbered one to twelve, with an additional proof "0" to be retained by the museum.[42] A French decree of 5 September 1978 declared that the Musée Rodin would sell only original editions of bronze sculptures, cast from models realized by Rodin under the Musée's direct control, so that no more than twelve casts would be made from any one

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37 Romain Interview, *supra* note 25; Laurent, *Vie Posthume*, *supra* note 29, at 248.

38 Laurent, *Vie Posthume*, *supra* note 29, at 248-49.

39 "[L]a numérotation des tirages est tout à fait moderne et . . . émane de la notion de rareté lieé à la spéculation sur les œuvres d'art[.]" *Id.* at 246.

40 "[L]a notion de limitation de tirages à des chiffres nécessairement arbitraires, est moderne et . . . résulte de préoccupations commerciales, en rapport avec la notion de rareté." Laurent, *Les Éditions de Bronze du Musée Rodin*, *supra* note 21, at 16.

41 Laurent, *Vie Posthume*, *supra* note 29, at 249-50.

42 *Id.* at 250.

model.[43] A decree of March 3, 1981 declared the legal definition of an original edition of bronze sculptures: it would be composed of twelve casts, eight numbered in Arabic numerals from 1/8 to 8/8 for the art market, and four that are like artist's proofs, which the Musée has decided to label with Roman numerals from I/IV to IV/IV for permanent public presentation in cultural institutions.[44]

This legal decree defining "original" Rodins literally definitively settles the question of originality under French law, and therefore in the eyes of the French state (and therefore in the eyes of the Musée Rodin). Because the law also confers the entitlement of acceptance upon bronzes that fit the legal definition and establishes them as creditable Rodins, it effectively confers authenticity upon them as well. This latter function of the law is the conferral of "legitimacy," whose definition in the *OED* is "the fact of being legitimate," where the most pertinent definition of "legitimate" is "2. Conformable to law or rule; sanctioned or authorized by law or right; lawful; proper."[45] When questioned about the status of posthumous bronzes, John Tancock of Sotheby's New York said, "Of course, the Musée Rodin casts are legitimate."[46]

Thus, the Musée Rodin views only the posthumous bronzes it produces in accordance with French law as original, authentic, and legitimate. When the authorized number of casts from a plaster has been exhausted, any additional casts made by the Musée are not legitimate, and hence not accepted as authentic nor defined to be originals, and must be labeled as reproductions. Since copyright has expired for divulged works, those may be reproduced by others; such reproductions are clearly reproductions or copies in the very conventional sense that they were not made by the artist or his authorized collaborators, and there is no question of their originality or their authenticity (unless of course they are exact copies that are *not* clearly labeled as reproductions, which could become confused with authentic Rodins). Unauthorized, exact copies not designated as reproductions are forgeries.

Since the Musée Rodin is simultaneously a museum, the artist's heir and an instrument of the state of France, it has diverse interests. To serve its interest in sustaining its financial independence it must act as art-producer and dealer, while as a museum it must serve its curatorial interest, and as his heir has an interest in enforcing the artist's copyright on re-

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[43] Chatelain, *supra* note 7, at 281 n.1 (quoting Article 1 of a joint decree by the French Ministries of Culture and Finance, Sept. 5, 1978).

[44] Laurent, *Vie Posthume*, *supra* note 29, at 250-51.

[45] OED, *supra* note 9, at 1600. The first sense of "legitimate" applies to children.

[46] Telephone Interview with John Tancock, Senior Vice President and Senior Specialist of Impressionist and Modern Art, Sotheby's New York, Apr. 23, 2002 [hereinafter Tancock Interview].

cently divulged works, as well as his *droit moral.* Laurent describes this as a strange mission, in which, for example, as a museum it would be obliged to stop the export of an important Rodin work by a collector, whereas as a dealer, it may hope to sell such a work to a buyer who would want to export it.[47] This situation is clearly a conflict of interests, which gives the Musée yet another interest: to separate diligently its commercial and curatorial functions to protect its own legitimacy and authority.

Its reputational interest often comes under attack by those who also want to derive economic or their own reputational benefit from Rodin's œuvre, so that the Musée makes a point of pride of the acceptance of its posthumous bronzes by the Metropolitan Museum of Art in 1986.[48] The Musée's reputational and economic interests are also served by its scholarly interest in learning all that can be known about Rodin's art: the more documentation and expertise it can develop, the more its position will be respected in the art world, and the more value may be attached to its bronzes.

Interestingly, as Rodin's heir, this institution also has a filial interest, which when served, in turn supports its reputational interest. For example, the Legion of Honor in San Francisco, California, has an amazing collection consisting entirely of bronzes cast during Rodin's lifetime, and has no immediate interest in the status of posthumous bronzes. If anything, one might surmise that their collection would be all the more valuable if all posthumous bronzes were delegitimated. Nonetheless, Lee Miller, its Curator of European Decorative Art and Sculpture, says that she follows the Musée Rodin's opinions, because "the Musée Rodin has great integrity." She was present for a ceremony held by the Musée on the anniversary of Rodin's death at his grave at Meudon, and felt that the Musée's personnel had great personal respect for him. Though "they are faced with a quandary" as to what exactly he would want divulged and how exactly he would like his works to look, she "trusts their judgment, would never doubt their judgment."[49] Mrs. Miller made this comment after I recounted to her part of my interview with Mme. Romain, who told me that Rodin used to sand-cast his bronzes, but now the Musée employs the lost-wax method of casting. This change from Rodin's own practice was made

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[47] "[I]l faut noter l'insolite, pour un conservateur qui, par ailleurs n'est pas déchargé de ses autres activités professionelles, d'avoir à exercer cette étrange mission qui consiste à vendre des œuvres d'art! La vigilance est nécessaire pour assurer la compatibilité de cette doble fonction et veiller à séparer nettement les activités commerciales des obligations patrimoniales." Laurent, *Vie Posthume*, *supra* note 29, at 252.

[48] *Id.* at 253.

[49] These three quotes are from a telephone interview with Lee Miller, Curator of European Decorative Art and Sculpture, Legion of Honor, Apr. 30, 2002 [hereinafter Miller Interview].

because the lost-wax method is "much more faithful to the plaster"; the Musée decided that this change would be an improvement that would allow them to be more faithful to the artist.[50] I asked whether Rodin might have preferred the lower resolution of the sand-casting method, and her reply was that the method itself is not as important as the result: "the main thing is to work with a good model, and we have Rodin's."[51] I also surmise that it is perhaps most likely that Rodin would have preferred to cast his bronzes using the lost-wax method, but resorted to sand-casting because it was cheaper, and its lower costs would enable him to cast more works. Mme. Romain reported that the *Gates of Hell* and *Balzac* were cast only posthumously, because Rodin lacked the financial resources to have them cast himself.[52]

Rodin's vision of a financially self-sustaining museum that would fully realize, disseminate, and preserve his works is itself being realized: the commercial, patrimonial and curatorial interests seem to have converged. In 1986, for instance, the production of well documented, clearly marked, legitimate, posthumous bronzes generated 70% of the Musée Rodin's income.[53]

Both private and public law in France protect the most important interests of Rodin and his heir by enabling the Musée Rodin to exist and sustain itself through the completion of his œuvre, so that it is both disseminated and preserved without dilution, the quality of his works monitored and his reputation protected and promoted: the instrument of Rodin's April 1, 1916 donation to the state, his will of April 25, 1917, the March 12, 1919 decree creating the Musée Rodin, the Law of 11 March 1957, No. 296 that fixes the moral rights of the author / artist in perpetuity and declares it inalienable but heritable, the decrees of September 5, 1978 and March 3, 1981 that regulate the original edition of bronze sculpture, and Rodin's copyright have all served to promote these interests. The artist, heir, museum, dealer and state have all coalesced in the Musée Rodin.

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[50] Romain Interview, *supra* note 25.

[51] *Id.*:

> Author: "How would you characterize any differences between authorized posthumous casts and bronzes made during Rodin's lifetime?"
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> Antoinette Romain: "There is no difference, no real difference. There is only a historic difference; it is older if made during his lifetime."

[52] *Id.*

[53] Laurent, *Vie Posthume*, *supra* note 29, at 252. "Enfin, ces fontes posthumes sont les instruments de la diffusion de l'œuvre de Rodin, mission fondamentale de l'établissement." *Id.* at 253.

VI. OTHER MUSEUMS: THE POSITION AND INTERESTS OF THE MACLAREN ART CENTRE AND THE ROYAL ONTARIO MUSEUM

The MacLaren Art Centre in Barrie, Ontario, a small town north of Toronto, pulled together a collection of dozens of plasters and bronzes attributed to Rodin, and began a tour of an exhibition of this collection at the Royal Ontario Museum ("ROM") on September 20, 2001. When the Musée Rodin learned of this exhibition, it became quite concerned that the pieces were unauthorized — hence, inauthentic — and of poor quality, so that the exhibition's public would come away with an inaccurate and impoverished sense of Rodin's art. The plasters exhibited and used for casting were mostly foundry plasters[54] in poor condition: a spokesperson for the Musée Rodin said, "[Rodin's] plasters are beautiful, are white, are very sensitive. And the plasters which I have seen in Venice last November are not at all like that."[55] The Venice Exhibition featured Gruppo Mondiale plasters and (unauthorized) casts; the MacLaren has acknowledged that many of its plasters came from the Gruppo Mondiale,[56] and so do eleven of the bronzes.[57]

The MacLaren (which captions itself, "people to art") was affronted, and sought to defend its collection with an expert opinion and the argument that since the foundry plasters were "authentic steps in the translation of an original plaster to an original bronze,"[58] displaying them would educate the public about Rodin's artistic process. Citing the inherently "reproductive" (multiple-productive) nature of bronze casting to emphasize similarities between their plasters and bronzes and those that the Musée Rodin (i.e., France) considers authentic, the MacLaren and the ROM claimed that their exhibition should not trouble the Musée Rodin, and that the "Musée Rodin overreacted."[59] The position of the MacLaren is that it has done nothing illegal nor wrong, but is trying to educate the people of Canada about Rodin's work. "The MacLaren's interest is in education. People can touch [the bronzes]; they couldn't interact with the

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[54] "That most of the works are 'foundry plasters' coincides with the conclusion of the Musée Rodin." David Schaff, Ltd., Notes on Authentication of Rodin [C]ollection for the MacLaren Art Centre (Jun. 18, 2001) (on file with Bernard Barryte, Chief Curator, Cantor Center for Visual Arts, Stanford University).

[55] Antoinette Romain, General Curator (Sculptures), Musée Rodin, *quoted in Rodin Controversy*, *supra* note 34.

[56] James Adams, *Art Centre Fires back over Rodin Criticism*, GLOBE AND MAIL (Toronto), at A14 (Aug. 17, 2001).

[57] Milroy, *supra* note 26, at R15.

[58] David Schaff, Ltd., *supra* note 54.

[59] Telephone Interview with Mary Reid, Registrar and Curator, MacLaren Art Centre, May 2, 2002 [hereinafter Reid Interview].

plaster. We want them to interact with the works . . . especially kids and people with disabilities. . . . The plaster stands as a precious piece."[60] Some of these precious pieces were described by the Musée Rodin as "foundry plaster casts, coated with substances that made them easier to unmold — and softened them even more[.]"[61]

The ROM, the first host of the touring exhibition, took the same position as the MacLaren: that rather than flouting Rodin's moral rights, "Canada has embraced moral rights of the creator as few nations in the world,"[62] and wants to share with its audience part of his creative process, presented with clear contextual information. "'Moral rights' in France do not extend around the world more than 80 years after Rodin's death," wrote William Thorsell, President and CEO of the ROM.[63]

The Musée Rodin's main concern is the impression of Rodin's art that is being offered to the public, because they feel that the quality of the exhibited works misrepresents his œuvre. Such misrepresentation misleads the public, and harms Rodin's reputation. Mme. Romain described the plasters as "'worn out' and 'dirty' from multiple castings," and "'too far removed from the artist's hand.'"[64] "It's a wrong thing to come and see bad plasters. They should not show bad image of Rodin."[65] Accordingly, the Musée Rodin called for a boycott of the exhibition.

The Musée's concerns appear well founded: a reporter who seems actually to have examined the works and conducted research on the situation writes:

> [T]he exhibition, in fact, could leave even experienced museumgoers woefully addled about the distinctions between the very different objects on display.
>
> Plasters from the deeply distressed to the pristine, from the mechanically made to those modified by the hand of Rodin in the studio, are given the same star treatment. Earlier bronzes made under the guidance of the Musée Rodin are placed side by

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60 *Id.*

61 Jacques Vilain, *Proceed with Caution*, TORONTO STAR, July 31, 2001, at A21 (letter to the editor).

62 Letter from Meg Beckel, Chief Operating Officer, Royal Ontario Museum, to Dr. Jacques Vilain, Director, Musée Rodin (July 30, 2001) (on file with Bernard Barryte, Chief Curator, Cantor Center for Visual Arts, Stanford University).

63 William Thorsell, *Statues of Limitations*, GLOBE AND MAIL (Toronto), Aug. 13, 2001, at A9.

64 Catherine Osborne, *Rodins in Canada: Real or Fake?*, ARTNEWS, Sept. 2001, at 161 (quoting Antoinette Romain, General Curator (Sculptures), Musée Rodin).

65 Antoinette Romain, General Curator (Sculptures), Musée Rodin, *quoted in Rodin Controversy*, *supra* note 34.

> side with Gruppo Mondiale bronzes made last year, and all are bathed in the same sacral glow of museum lighting.
> Those searching for satisfying explanations from the exhibition's wall labels and didactic panels will find little to go on. Information ranges from the hopelessly terse to the downright fudgy. . . . Numerous plasters are indeterminately labelled in this way, as "studio or foundry plasters," though the distinction is critical. One, arguably, is a work of art, and the other is not.[66]

The MacLaren views the Musée Rodin's interests differently, as those of a monopolist trying to maintain a stranglehold on Rodin's art and on its own expertise and authority respecting his art. Regarding posthumous bronzes, Ms. Reid points out that "the artist's intention is to make a multiple," suggesting that since Rodin wanted his works disseminated far and wide, he would not have wanted the Musée Rodin to monopolize their dispersal throughout the world.[67] This ignores the fact that he entrusted the museum created by France with exactly that responsibility, expecting it to ensure that the quality of his œuvre would be maintained. Ms. Reid feels that the real contention between the MacLaren and the Musée Rodin is over money: that the Musée Rodin is actually concerned about tourism dollars that will be drawn to Barrie, rather than to Paris, to see Rodins. She feels that the MacLaren, "a tiny gallery north of Toronto . . . [that is] publicly funded" actually poses no threat, so that the Musée Rodin's reaction to their exhibition was unwarranted.[68]

Regarding expertise and scholarly authority, the attitude Ms. Reid attributes to the Musée Rodin calls to mind that of a corporation trying to maintain its market position by keeping its trade secrets secret. "The Musée Rodin is savvy and keeps Rodin as mysterious as possible: that's part of their commodification" of Rodin.[69] "Because their copyright is expired, it doesn't matter any more, the Musée Rodin is monopolizing authority on Rodin. Why can't someone else be [a Rodin expert]?"[70] "The Musée Rodin says it is the official custodian of the artist's work and it will decide what is a real Rodin," reports a journalist.[71] "There are other experts in the world," retorts William Moore, the Director of the MacLaren.[72]

As a practical matter, it would be extremely difficult for someone who has not spent a significant amount of time at the Musée Rodin to become

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66 Milroy, *supra* note 26, at R15.
67 Reid Interview, *supra* note 59.
68 *Id.*
69 *Id.*
70 *Id.*
71 *Rodin Controversy*, *supra* note 34.
72 *Id.* (quoting William Moore, Director, MacLaren Art Centre).

as expert as the Musée itself, simply because the Musée holds Rodin's studio and all its contents (including uncast plasters), decades' worth of his art works and records concerning them, his collection of others' art, his business and personal papers, and other effects that a Rodin scholar dearly would need to study.

It is laudable to endeavor to educate a broader public about the work of a great artist. However, miseducation does more harm than good. Someone who has never seen a Rodin, but is aware of his reputation, may come to the exhibition with high expectations of seeing truly great art. When this person is presented with stained, distorted plasters and unauthorized casts that the exhibition's supposed curator would not have shown because of their poor quality (*see infra*), she is likely to feel confused about how this œuvre could possibly be great, and disappointed that art is less amazing than she had imagined or hoped. She may well feel tricked. In lauding Nelson Rockefeller's production and sale of exact reproductions of art works — which Rockefeller touted as serving the public interest by making art more accessible to the people[73] — Edward Banfield fails to note that the public (like a young scholar at the Fogg Museum) is best educated about an artist's work by exposure to that work: we "thirst for direct contact with the past and the true."[74]

It seems most likely that the MacLaren could not afford a collection of authorized Rodins, and hoped to use this more accessible collection of unauthorized works, along with the artist's name, to attract the tourism dollars that Ms. Reid claims the Musée begrudges the MacLaren. Then, the MacLaren used its populistic interests — in this respect the position taken by the MacLaren is reminiscent of that of the Rockefeller Collection, except that the MacLaren's populist concerns may be genuine — to rationalize its use of the dubious plasters and casts from the Gruppo Mondiale: it is trying to bring people to art, and art to people. Self-described as a tiny, publicly funded gallery in Canada, it is itself the little guy, trying to keep the well endowed Musée Rodin from hoarding all the revenue and reputation afforded by Rodin's œuvre. However, disrespect for the artist's will, authority and œuvre is insupportable by this impulse that aspires to serve the public interest. By analogy to a stronger statement made by the College Art Association regarding the even more problematic situation of counterfeit works,[75] one might maintain that the argument

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[73] Edward C. Banfield, *Art Versus Collectibles: Why Museums Should Be Filled with Fakes*, HARPER's, Aug. 1982, at 28.

[74] Albert Elsen, *But Is It Art?*, HARPER's, Oct. 1982, at 4. Prof. Elsen also points out that the Rockefeller Collection reproductions were quite costly, often more so than authentic drawings or prints.

[75] "The argument that this form of replication increases the audience for an artist's work must be rejected on the grounds that what is made available is not

that this confusing sort of exhibition increases the audience for an artist's work must be rejected, on the grounds that what is made available actually misleads the public about the true quality of the sculptor's œuvre.

The MacLaren invited representatives of the Musée Rodin to participate in the symposium, *What Is an Original?*, held in conjunction with the exhibition's first stop at the ROM. The MacLaren also invited Gary Arsenau, an art dealer known for aggressively taking an extreme position in the debate: he argues doggedly that all posthumous casts are "fakes."[76] Ms. Reid, who organized the symposium, thinks that he is simply "gaining notoriety. The bottom line is money: we *paid* him to speak his point of view."[77] The Musée declined to attend, so as to avoid guaranteeing (by the presence of its representatives) the MacLaren exhibit, which it regards as treating Rodin's œuvre in an ethically dubious manner.[78]

One might speculate that the MacLaren also wanted Mr. Arsenau to attend because the Musée would not: Mr. Arsenau would be taking the position that the MacLaren collection are fakes in a manner that is perceived by many to be unpleasant, thus making his arguments easier to dismiss *ad hominem*. The symposium attendees might, then, be more likely to conflate Mr. Arsenau's position with that of the absent Musée Rodin, lumping together and dismissing wholesale their condemnations of its collection. However, their positions are quite distinct: Mr. Arsenau argues that the legitimate (by definition: e.g., sanctioned or authorized by law or right) Musée Rodin casts are fakes as well, based on the notion that dead artists can no longer create art (and apparently ignoring the compound nature of bronze casting, and the fact that Rodin did not personally finish or see every finished bronze cast during his lifetime).[79]

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an authentic work by the sculptor." The College Art Association, *Standards for Sculptural Reproduction and Preventive Measures against Unethical Casting*, *in* JOHN HENRY MERRYMAN & ALBERT E. ELSEN, LAW, ETHICS AND THE VISUAL ARTS 549, 549 (2d ed. 1987); *see also* Albert E. Elsen & John Henry Merryman, *Legal and Illegal Counterfeiting of Art in America*, *in* THE PENAL PROTECTION OF WORKS OF ART, *supra* note 15, at 54: "Well-intentioned museums, in their zeal to educate or "turn on" the public to art, are in some instances mass-producing ready-made works for fakers."

76 Telephone Interview with Gary Arsenau, May 4, 2002 [hereinafter Arsenau Interview].

77 Reid Interview, *supra* note 59.

78 "[J]e tiens à vous indiquer que le musée Rodin ne cautionnera pas, par la présence de ses représentants, une opération parfaitement douteuse, au regard de la Morale et de l'œuvre de l'artiste." Letter from Jacques Vilain, Director, Musée Rodin, to William Moore, Director, MacLaren Art Centre (Oct. 8, 2001).

79 Arsenau Interview, *supra* note 76. Mr. Arsenau told me that his working definition of "reproduction" was a copy of an original made by someone other than the artist. At the same time, he regards all bronzes as reproductions,

VII. ANOTHER PRODUCER OF POSTHUMOUS BRONZES: THE POSITION AND INTERESTS OF THE GRUPPO MONDIALE

The Musée Rodin, which has the most complete and authoritative materials on Rodin, was barely aware of Dr. Schaff, the Rodin "expert" consulted by the MacLaren, who had worked with an exhibition by the Gruppo Mondiale ("GM").[80] Dr. Schaff:

> was surprised to hear himself described as "curator" of the [MacLaren-ROM] show and a "noted Rodin scholar" in the press materials for the show. "That," Schaff said, "would be a bit of an exaggeration," adding that if he were to have had control of the show, he would likely have narrowed the selection of plasters, jettisoning some of the most damaged ones, and eliminated the 1999–2000 [GM] bronze casts. These exclusions, he said, "would be about the condition of quality."[81]

The GM claims to recast Rodin bronzes "from Rodin's original plasters" using foundries in Italy, and offers these casts for sale.[82] The GM's position is that its activities are legal, since they are allowed by the copy-

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even those made by the artist: "'Cast' means to reproduce," and, "Casts are all reproductions." I attempted to pose a hypothetical to Mr. Arsenau twice, and got two versions of the same answer:

Author: "How would you regard the authenticity of a cast that was authorized by Rodin and made during his lifetime, but never seen or finished by him?"

Mr. Arsenau: "There's nothing wrong with their profiting during their lifetime with their authorization."

These were apparently regarded as authentic reproductions.

I attempted to pose another hypothetical:

Author: "What if the Musée Rodin were to cast a bronze from one of Rodin's studio plasters, with his authorization — would that be authentic?"

Mr. Arsenau: "The Musée Rodin is corrupt, because they make plaster reproductions of plasters . . . [their bronzes] can't even be called reproductions, because they're copies of copies, not originals."

I could not ascertain how he would view any differences between lifetime casts authorized, but never seen or touched by Rodin, and posthumous casts made under the authority and careful supervision of the Musée Rodin.

[80] From a letter to William Moore, Director, MacLaren Art Centre, Barrie, Ontario, from Jacques Vilain, Director, Musée Rodin (Aug. 23, 2000) (on file with Bernard Barryte, Chief Curator, Cantor Center for Visual Arts, Stanford University):

> I feel I must advise you that we know very little about Dr. David Scharf [sic], the person you refer to as a Rodin expert, other than the fact that he compiled the catalogue for the 1999 Venice Exhibition organized by the Gruppo Mondiale, and as such he would appear to be both judge and jury.

[81] Milroy, *supra* note 26, at R15 (quoting David Schaff).

[82] Gruppo Mondiale, *Auguste Rodin FAQ – Frequently Asked Questions*, *at* http://www.rodin-art.com/faq.htm (last visited Oct. 4, 2004).

right and moral rights laws of various countries including the U.S.A., and presumably Italy but not France, and because in any case Rodin's copyright has expired.[83] The GM also seems to suggest that its activities are ethical in that they serve a policy of copyright law, which allows the "public's interest [to] eclipse[ ] that of the artist's heirs or assignees over time[.]"[84] Thus, the GM puts itself in the position of the public, much as Nelson Rockefeller did when he began to sell exact reproductions of artworks through the Rockefeller Collection.[85]

It is troubling that the provenance for most of the GM works is a chain of three foundries followed by a private collection,[86] because Laurent writes that Rodin was very careful to retrieve his plasters from his foundries.[87] This suggests that the GM is using not Rodin's original plasters, but foundry plasters that have not been cared for and preserved — or if they are in poor condition, destroyed — by those who would serve the artist's *droit moral* above their own pecuniary or reputational interests. Indeed, the GM plasters exhibited in Venice were identified as foundry plasters by both its own consultant and the Musée Rodin.

Even if the GM's casts were to be considered legal outside of France, they would not legally count as authentic casts (original editions) under the French decrees of 1978 and 1981. Are the GM's activities unethical, for violating the laws of the state to which Rodin entrusted the future of his œuvre, and the artist's own intentions? Even if its activities are legally conducted in Italy or the U.S., the fact that they would be illegal in France should caution the GM against disrespecting Rodin's wishes and potentially distorting his œuvre, changing its artistic and historical meaning.[88] Confusion as to the nature of his art may ensue from reproductions that are not at first glance clearly distinct from authentic pieces, but also have not benefited from the institutional knowledge of the Musée Rodin, which grows from that of Rodin himself. The GM claims that "all the casts contain acurate [sic] attribution, thus respecting droit a [sic] la paternite [sic]

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83 *Id.* (citing authorization "by the laws of the United States, countries of the European Union, countries of South America, and Asia.").

84 *Id.*

85 Elsen, *supra* note 74, at 4.

86 "The provenance for most of the works in this collection is: 1) Alexis Rudier Foundeur [sic], Paris; 2) Eugene Rudier, Paris; 3) Georges Rudier, Paris; 4) Private collection (France) to Gruppo Mondiale Est." Gruppo Mondiale, *supra* note 82.

87 Laurent, *Observations on Rodin and His Founders*, *supra* note 27, at 292.

88 Walter Benjamin has written about the danger of recasting history as one from which "even the dead will not be safe." Walter Benjamin, *Theses on the Philosophy of History*, *in* ILLUMINATIONS: ESSAYS AND REFLECTIONS 257 (Hannah Arendt ed. & Harry Zohn trans., 1968).

and avoiding any confusion regarding the origins of each work."[89] While this information is a step in the right direction, the exact reproduction of art works should be outlawed because of their open invitation to forgery.[90]

Bernard Barryte, Chief Curator of the Cantor Center for Visual Arts at Stanford University, recounts that the Cantor was offered a GM cast. Mr. Barryte was interested in it as a specimen for study, since it represents part of the controversy over the authenticity of posthumous Rodin bronzes. His colleagues came to the consensus that while it bore some historical and scholarly interest, the Cantor could not accept it, because by accessioning it, the Cantor would give credibility to spurious GM casts, and the reputation of the Cantor's collection would fall.[91]

VIII. THE POSITIONS AND INTERESTS OF THE EXPERTS

Another ground upon which the authenticity debate is fought, besides originality and legitimacy, is quality. The *OED* pertinently defines "quality" as: "II. Of things. 9. Without article: a. That aspect of things under which they are considered in thinking or speaking of their nature, condition, or properties."[92] Determination of quality, this fundamental aspect that subtends an object's nature, condition, or properties, calls keenly for expertise. Rodin experts are expert in determining precisely this: To what degree does this object embody the quality of a work of art by Rodin?

Experts may base their professional opinions on whether a posthumous bronze is authentic entirely on the answer to this question. If the quality of "Rodin-ness" is present in a high degree, the work will be judged authentic, and if not, it will not. Not only does authenticity depend upon quality in this way, but quality, in turn, depends upon authenticity: an expert's intuition must be well informed by the study of numerous examples of authentic objects, and can be further educated by the study of objects that are known a priori to be inauthentic, for comparison. Thus, it is crucial to our understanding of an artist's œuvre that it be protected from the intrusion of unidentified counterfeits. As a cautionary tale, Elsen and Merryman write of a Harvard University Rodin scholar who was trained on the Fogg Museum's collection of Rodin drawings, and proceeded to authenticate counterfeit drawings by Ernst Durig as Rodins: as it turned out, the collection that had informed her expertise consisted

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[89] Gruppo Mondiale, *supra* note 82.

[90] *See, e.g.*, Albert Elsen & John Merryman, *Art Replicas: A Question of Ethics*, ARTNEWS, Feb. 1979 at 61; The College Art Association, *Standards for Sculptural Reproduction and Preventive Measures against Unethical Casting*, *in* MERRYMAN & ELSEN (2D ED.), *supra* note 75 at 550.

[91] Interview with Bernard Barryte, Chief Curator, Cantor Center for the Visual Arts, Stanford University (Mar. 11, 2002).

[92] OED, *supra* note 9, at 2383.

largely of Durig forgeries![93]

An œuvre of bronze casts is particularly vulnerable to exact, unauthorized reproductions, because even properly marked exact reproductions too easily can be confused with legitimate works after alteration of the markings.[94] Bronze casting is also very vulnerable to *surmoulage*, the practice of making a mold from an extant bronze cast, and casting a new bronze from this mold. The resulting cast will be slightly smaller and less well defined than the original bronze, but a nonconnoiseur will be especially vulnerable to mistaking the *surmoulage* (also called an "aftercast") for an authentic bronze. Guy Hain alone has used *surmoulage* to produce hundreds of Rodin forgeries over a period of at least fifteen years.[95] The interest of the forger, and of the foundry that would produce unauthorized exact reproductions, in the authenticity of posthumous casts is that of his own pocket: if he can get away with selling his forgeries, his work can be very lucrative. Guy Hain's position: "'Legally, I am in the right. All bronzes are reproductions anyway, so I am innocent.'"[96]

What is the quality, the "Rodin-ness," that distinguishes an authentic work of art from a forgery? Walter Benjamin discusses this quality in illuminating ways:

> Even the most perfect reproduction of a work of art is lacking in one element: its presence in time and space, its unique existence at the place where it happens to be. This unique existence of the work of art determined the history to which it was subject throughout the time of its existence. This includes the changes which it may have suffered in physical condition over the years as well as the various changes in its ownership. . . . [C]hanges in ownership are subject to a tradition which must be traced from the situation of the original.[97]

Interestingly, this suggests that provenance has much to do with quality, that quality is not only aesthetic, but historical. Art does perform a social function: it is a medium of communion between the artist and those re-

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[93] Elsen & Merryman, *Legal and Illegal Counterfeiting of Art in America*, *supra* note 75, at 67.

[94] For example, Guy Hain obtained 250 reproductions from the Rudier foundry in a two-year period, ground off the labels indicating that they were reproductions, and altered the foundry marks to look like those from Rodin's lifetime. Nicholas Powell, *The $60 Million Scam*, ARTNEWS, Sept. 2001 at 158, 159.

[95] *Id.* at 160.

[96] *Id.* at 161.

[97] Walter Benjamin, *The Work of Art in the Age of Mechanical Reproduction*, *in* ILLUMINATIONS: ESSAYS AND REFLECTIONS 222 (Hannah Arendt ed. & Harry Zohn trans., 1968).

moved from him by the stream of time. A counterfeit work changes history as we know it, putting us in communion with the wrong past, a past that did not exist as the artist's life.

Benjamin in translation seems to write that "the quality of [an actual work of art's] presence is always depreciated" by mechanical reproduction.[98] While this is true in that unauthorized exact reproductions (i.e., counterfeits or reproductions that can function as counterfeits) confuse the public, in the original German he writes of another pertinent aspect of quality. The title of his essay, *Das Kunstwerk im Zeitalter seiner technischen Reproduzierbarkeit*,[99] has been translated as, *The Work of Art in the Age of Mechanical Reproduction*, while more accurately it is: *The Work of Art in the Age of Its Mechanical Reproducibility*.[100] Benjamin's thesis is not that its reproduction depreciates the quality of a work of art, but that its *reproducibility* does: in his time (1892–1940) mechanical means were increasingly being used to make all kinds of things, including art, and he seemed to celebrate the advent of mechanically reproduced (or to use the term I have more narrowly defined above, multiply produced) media like film, while romanticizing the unique art work created by the artist with his own hands. "The technique [that produces multiples] detaches the [multiply produced] object from the domain of tradition. . . . it substitutes a plurality of copies for a unique existence."[101] The work of art that is not mechanically produced as a multiple has something that the mechanically produced multiple does not: "One might subsume the eliminated element in the term 'aura' and go on to say: that which withers in the age of mechanical reproduction is the aura of the work of art,"[102] even when forgery is not implicated. This "aura" is an aspect of quality, of authenticity.

While "aura is tied to [the artist's] presence; there can be no replica of it,"[103] it can be present in varying degrees: it is not black or white. "Precisely because authenticity is not reproducible, the intensive penetration of certain (mechanical) processes of [multiple production] was instrumental in differentiating and grading authenticity."[104] Hence, the authenticity of a bronze that was made from a maquette and plaster made by Rodin, and whose casting was closely supervised by Rodin himself — i.e., a work for the execution of which he was most fully present — is greater than that of

98 *Id.* at 223.

99 Walter Benjamin, *Das Kunstwerk im Zeitalter seiner technischen Reproduzierbarkeit*, *in* ILLUMINATIONEN: AUSGEWÄHLTE SCHRIFTEN 1, 136 (1974).

100 Thanks to Thomas Freeland for calling this to my attention.

101 Benjamin, *The Work of Art in the Age of Mechanical Reproduction*, *supra* note 97, at 223.

102 *Id.*

103 *Id.* at 231.

104 *Id.* at 245.

an authorized work made from his maquette and plaster by a foundry with whom he had a history of working closely, but which for whatever reason he did not supervise directly. The latter is, in turn, more authentic than an unauthorized cast from his plaster by a foundry that has not carried on a traditional relationship with him.

Although "aura" has also turned out to be a new-agey word for something evanescent and incorporeal, "aura" in the sense derived from Benjamin is manifest in the art world. In the international art world, posthumous Rodin bronzes are judged by characteristics such as their provenance, patina, size, and quality, values reflected in the bronzes' prices on the art market, where provenance matters quite a bit: a definitively authentic Rodin *Eve* sold for "$4.8 million at Christie's New York in 1999. The same piece, but without this provenance, might only make $500,000."[105] According to John Tancock of Sotheby's New York, lifetime bronzes are more expensive than posthumous bronzes, and of the latter, those made closer to Rodin's lifetime are more valuable: for example, an authorized, recent, posthumous, thirty-three-inch cast of *The Kiss* might sell for about $1 million, while a 1923 cast of the same type was sold through Sotheby's for $2.2 million in November 2001, and a fine lifetime cast of the same type might fetch $3 million.[106]

The dilution of authenticity, aura and market value of bronze multiples:

TYPE OF BRONZE:			
lifetime cast finished under Rodin's close supervision	→ authorized cast made by foundry that habitually worked with Rodin, but not finished under Rodin's close supervision (lifetime or posthumous)	unauthorized cast made from plaster made by Rodin	→ unauthorized cast made from plaster not Rodin's, *surmoulage*, forgery
EXAMPLE:			
Rodin	lifetime authorized casts of *The Kiss*, authorized posthumous bronzes cast under supervision of the Musée Rodin	Gruppo Mondiale, Michael Gerson[107]	Nelson Rockefeller, Guy Hain
	time → → → →		

authenticity, aura, market value → → → → → → → →

*Though this trend has some continuous properties, this is where I draw the line between the authentic (to the left) and the inauthentic (to the right).

105 Georgina Adam, *Market Report: Art Bronzes. How Has the Hain Affair Affected the Market?*, 118 THE ART NEWSPAPER 68 (Oct. 2001).

106 Tancock Interview, *supra* note 46.

107 Deborah Trustman, *Abuses in the Reproduction of Sculpture*, ARTNEWS, Summer 1981, at 84, 88.

The impulse of the MacLaren in exhibiting GM casts also fits into Benjamin's framework: he describes "the contemporary decay of the aura" as arising from social circumstances, most notably "the desire of contemporary masses to bring things 'closer' spatially and humanly,"[108] which is part of the MacLaren's justification for its exhibition. In discussing cinema, Benjamin writes that "the unique aura of the person" (the stage actor as artist) is replaced by "the spell of the personality" (of the actor on screen) as a commodity.[109] This can account for the high prices brought by exact replicas of Rodins produced by the Rockefeller Collection. "Rockefeller's name has lent the venture cachet[.]"[110] The unique aura of the artist is remote so that the authenticity of Rockefeller Collection bronzes as Rodins is minimal, but this is somewhat counterbalanced in market value by the aura, or at least the spell, of Rockefeller's personality.

To the above figure can be added a third line representing those who take the position in the authenticity debate that the object described in the first line is an authentic work of art. The positions in the debate line up strikingly well with the parties' economic interests. This can be understood in terms of cognitive dissonance: one who performs or benefits from an activity, thus effectively condoning it, may be more inclined to develop a rationalization justifying it. Thus, Hain claims he is innocent because all bronzes are reproductions, in spite of the law to the contrary; the President of the ROM states that, "Replication doesn't devalue bronzes. The idea of art is so powerful, replication doesn't devalue it,"[111] although the effect of scarcity on the market is so well established that it is the source of the limit on the number of casts in an original edition authorized by French law, and as Elsen and Merryman have pointed out, "Exact reproductions of works of art devalue originals by creating confusion between originals and reproductions."[112]

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108 Walter Benjamin, *The Work of Art in the Age of Mechanical Reproduction*, *supra* note 97, at 225.

109 *Id.* at 233.

110 Trustman, *supra* note 107, at 84, 87.

111 Catherine Dunphy, *Museum Ready for Rodin, Casts Aside Objections*, TORONTO STAR, Aug. 17, 2001, at B5 (quoting William Thorsell).

112 Elsen & Merryman, *Art Replicas: A Question of Ethics*, *supra* note 90, at 61; *see also* Hochfield, *supra* note 14, at 25: "[D]ealers appreciate the economics of scarcity[.]"

The dilution of authenticity, aura and market value of bronze multiples:

TYPE OF BRONZE:			
lifetime cast finished under Rodin's close supervision	→ authorized cast made by foundry that habitually worked with Rodin, but not finished under Rodin's close supervision (lifetime or posthumous)	unauthorized cast made from plaster made by Rodin	→ unauthorized cast made from plaster not Rodin's, *surmoulage*, forgery
EXAMPLE:			
Rodin	lifetime authorized casts of *The Kiss*, authorized posthumous bronzes cast under supervision of the Musée Rodin	Gruppo Mondiale, Michael Gerson[114]	Nelson Rockefeller, Guy Hain
	time→ → → →		
TAKING POSITION THAT TYPE OF BRONZE IS AUTHENTIC:			
Rodin	Rodin, the Musée Rodin, France, CAA Standards, U.S. Customs Law, Legion of Honor*, Sotheby's, Los Angeles County Museum of Art[113]	Gruppo Mondiale, MacLaren Centre, ROM, Las Vegas Art Museum,[115] Michael Gerson	Nelson Rockefeller, Guy Hain

authenticity, aura, market value → → → → → → → → →

* Though all of the Legion of Honor's Rodins are lifetime casts — so that it could afford to take the leftmost position — it respects the authority and judgment of the Musée Rodin.

Of course, in addition to the historical aspects of quality are the aesthetic, and recognition of the aesthetic expression of the artist can develop into expertise as connoisseurship. The College Art Association Standards include the statement that, "There have been instances when posthumous castings have been superior to some produced by the sculptor himself," for instance, "when a sculptor did not have access to a good foundry[,]"[116] or perhaps when he could not afford a process that could have given him a

113 Kimberly McGee, *Rodin Exhibit Reopens Lively Authenticity Debate*, LAS VEGAS SUN, *at* http://www.lasvegassun.com/sunbin/stories/archives/2001/aug/31/512291509.html (Aug. 31, 2001) (citing Mary Levkoff, Curator of European Culture, Los Angeles County Museum of Art).

114 Trustman, *supra* note 107, at 84, 88.

115 "Rodin's plaster molds are the originals and anything done, by him or otherwise, from these molds is a Rodin." *Id.* (quoting Marianne Lorenz, Executive Director, Las Vegas Art Museum).

116 The College Art Association, *Standards for Sculptural Reproduction and Preventive Measures against Unethical Casting*, *in* MERRYMAN & ELSEN (2D ED.), *supra* note 75, at 550.

result that he would have preferred. This supports the insight that the aesthetic and historical aspects of authenticity are distinguishable, so that it should not seem absurd that an exact reproduction could be a counterfeit. Though aesthetic quality is decisive for some scholars, the entire question of authenticity does not turn on aesthetics alone.[117]

Determining the quality of the true Rodin can be challenging even for the most experienced and learned experts. The most extreme challenge in this regard was left to the Musée Rodin by Rodin. Given that he entrusted the definitive realization of his œuvre to the Musée without leaving any more specific instructions, it is "faced with a quandary" (as Mrs. Miller put it[118]), a void (as Laurent put it[119]), as to what exactly he would want divulged. Rodin used to cast multiple plasters from his maquettes and continue to work with and rearrange them. Some were "transformed into works of art in their own right. Others were completed and once deemed finished, were cast into bronze or carved into marble."[120] I asked Mme. Romain how these difficult decisions are made, and she indicated that they were extremely delicate determinations made with much careful consideration by several Musée Rodin experts working together. The main question seemed to be, "Was the work finished in Rodin's mind? Today people like unfinished works, but we make a difference between things finished in *his* eyes. [For example, we ask whether the work was] given to someone else or sold or exhibited: *Balzac* was exhibited," so it was deemed finished.[121]

How is this situation different from any other expert, or for instance, the Gruppo Mondiale, trying to guess how Rodin would have finished a bronze? The key difference is that the Musée Rodin stands in the shoes of Rodin, legally and in accordance with his wishes, and is in the best position to make these determinations, practically: Rodin entrusted the Musée with exactly these decisions, and empowered it to make them by willing them to exercise his *droit moral* over his œuvre, which under French law is heritable.

Scholarly experts are interested in truth, historical accuracy, aesthetic quality, and the integrity of their field, of art as an institution. Differences

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117 "[A]esthetic philosophers . . . focus on aesthetic questions. Leaving historical concerns to others, they inquire whether a well-made copy is not *aesthetically* the equivalent of the original. This allows the unwary reader to infer (and some unwary aestheticians to imply) that authenticity does not matter. . . ." John Henry Merryman, *The van Meegeren Problem*, *quoted in* MERRYMAN & ELSEN (3D ED.), *supra* note 17, at 814.

118 Miller Interview, *supra* note 49.

119 Laurent, *Vie Posthume*, *supra* note 29, at 248.

120 Flyer for the exhibition of *From Plaster to Bronze: The Sculpture of Auguste Rodin* at the Royal Ontario Museum, Sept. 20–Dec. 23, 2001.

121 Romain Interview, *supra* note 25.

not only in how the terms of the debate are defined, but in how they are valued, results in some diversity among their positions. These differences in approach and emphasis can be the result of scholarly focus — as that of aestheticists on aesthetics — and can be influenced by the context in which the expert is providing his opinion. Generally, art experts care about the meaning and integrity of art, though they may believe it is best served by various means.

IX. ART AND THE LAW

John Searle discusses social facts as those for which the attitude we take toward them partially constitutes them: a "token" example (pertaining to a single object) of a social fact is that a particular five-dollar bill counts as money; a "type" example is that five-dollar bills in general count as money.[122] His framework for thinking about social (institutional) facts can be applied to art: one might question whether a particular bronze is a fake or counts as a work of art, or whether posthumous bronzes in general count as art. The art world collectively imposes the function of "being art" onto objects, where the function of being art "cannot be performed *solely* in virtue of the object's physical features,"[123] as is illustrated by the fact that an unauthorized exact reproduction is not regarded as a work of art.

Institutional facts have the structure of constitutive rules: "X counts as Y in C," where X is an object that satisfies certain conditions, "counts as" confers or imposes the status of being Y on X, and being Y does not depend exclusively on the physical features of X.[124] In Searle's example, a bit of paper that is X because it has certain physical characteristics, *and* is also "issued by the Bureau of Engraving and Printing under the authority of the U.S. Treasury," counts as Y: it bears the status of being money (in C, the U.S.).[125] Similarly, a bronze cast issued by the Musée Rodin under the authorities of Rodin and the French state, counts as art: the fact is that such a cast bears the social status of being an authentic (and original) Rodin, at least in France, and wherever Rodin's and France's authority are recognized.

As the Gruppo Mondiale and the Royal Ontario Museum point out, France's law is not everyone's law. Even signatories to the Berne Convention for the Protection of Literary and Artistic Works are not required to enforce French law in their countries: Art. 6bis specifically grants an author's right to object to any derogatory action that "would be prejudicial to his honor or reputation," but provides that this right "shall be exercisable by the persons or institutions authorized by the legislation of the coun-

122 JOHN R. SEARLE, THE CONSTRUCTION OF SOCIAL REALITY 32-33 (1995).
123 *Id.* at 39 (emphasis added).
124 *Id.* at 43-44.
125 *Id.* at 46.

try *where protection is claimed*," and that "the means of redress for safeguarding the[se] rights . . . shall be governed by the legislation of the country where protection is claimed" as well.[126]

The Musée Rodin is aware that "the law is different in every country" and feels that "Justice is stronger in France than in the U.S."[127] Under Canadian law the artist's *droit moral* expires fifty years after his death,[128] while U.S. law guarantees the artist's *droit moral* only during his life.[129] The conferral of the *droit moral* to heirs is governed by intestacy laws in Canada,[130] and not addressed by the U.S. Visual Artists Rights Act ("VARA"); the instrument for the transfer of Rodin's *droit moral* is the French donation decree of April 1, 1916, which is not recognized as law in Canada[131] or the U.S. Other laws of the U.S. do not address the situation more strongly than does VARA. For example, while not banning the import of unauthorized casts, the U.S. Customs law provides only that "Original sculptures and statuary, in any material" may enter the country free of duty, where "original sculptures" do not include "mass-produced reproductions or works of conventional craftsmanship of a commercial character, even if these articles are designed or created by artists."[132] "Original sculptures" do include:

> not only original sculpture made by the sculptor, but also the first 12 castings, replicas or reproductions made from a sculptor's original work or model, by the sculptor himself or by another artist, with or without a change in scale and whether or not the sculptor is alive at the time the castings, replicas or reproductions are completed.[133]

The terms in this statute still clearly require significant interpretation for enforcement. For example, does a *surmoulage* from an original Rodin bronze count as one of the ten reproductions that could be imported duty-free? A law like California's fine print statute, which was amended to apply to multiple sculptures in 1983, takes a step in the right direction by

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126 Berne Convention for the Protection of Literary and Artistic Works, July 24, 1971, art. 6bis, 1986 U.S.T. 160 (emphasis added).

127 Romain Interview, *supra* note 25.

128 Letter to unidentified recipient from E.M. Agnew, Agnew, Gladstone LLP (Jun. 15, 2001) (on file with the MacLaren Art Centre).

129 Visual Artists Rights Act, Pub. L. No. 101-650, § 603(a), 104 Stat. 5089 (1990), *codified at* 17 U.S.C. § 106A(d) (2000).

130 Letter to unidentified recipient from E.M. Agnew, Agnew, Gladstone, LLP (Jun. 15, 2001) (on file with the MacLaren Art Centre).

131 *Id.*

132 19 U.S.C. § 1202 (2000); UNITED STATES INTERNATIONAL TRADE COMMISSION, HARMONIZED TARIFF SCHEDULE OF THE UNITED STATES, Ch. 97: Works of Art, Collectors' Pieces and Antiques (2004).

133 *Id.*

requiring a very detailed certificate of authenticity to accompany a bronze through various transactions.[134] Only the interests of those trafficking in unauthorized sculptures are served by the lack of the required information (including, e.g., the artist's name, authorization, process, and whether the work is a multiple). The statute goes even farther to discourage such traffic by requiring dealers to warranty the information they provide in the certificates.[135]

Searle notes that determining the conditions that an object must satisfy to be X, so that the status Y can be conferred, is a matter of convention. The convention (in fact, the law) in France is that posthumous Rodin bronzes sold by the Musée Rodin are original, authentic works of art, because that is what Rodin wanted. Basic respect for the artist calls for the recognition of legal Musée Rodin bronzes to be regarded as authentic: as entitled to acceptance or belief, as being in accordance with fact, as being reliable, trustworthy, creditable, as really proceeding from its reputed source or author. It is ironic that one would purport not to only respect but to celebrate an author by ignoring his authority, his expressed wishes, and proceeding to exhibit unauthorized works as his own. Similarly, those who want to respect the artist so much that they would discredit works that he wanted to have carried out posthumously, fail to respect his judgment, his own balancing of the factors favoring and disfavoring their production, and so they fail to respect the artist after all.

CONCLUSION

The Musée Rodin is not only the state of France, but Rodin's heir, and one may recognize its bronzes as authentic without having to implement French law in another nation. Ethical guidelines such as the College Art Association Standards, and disclosure laws like the rare California fine print statute should be adopted and practiced in the art world for its betterment as an institution, and to the good of all but would-be counterfeiters. Such institutional customs would be beneficial in themselves, and could serve as a stronger model and impetus for more formal ordering that would support the best practices of the institution as a whole.

In some sense the debate about the authenticity of Musée Rodin bronzes is like a contest among Rodin's children over their inheritance. While the work of a great artist becomes the cultural property of all — the public inherits from and is enriched by Rodin — the least we can do is to respect his wish that those he entrusted with completing his œuvre be the ones to do so, lest our collective inheritance be devalued.

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134 CAL. CIV. CODE §§ 1742(a), 1744 (Deering 1994).
135 *Id.* § 1744.7.

IT HAD TO BE MURDER[1] OR WILL BE SOON – 17 U.S.C. § 203 TERMINATION OF TRANSFERS: A CALL FOR LEGISLATIVE REFORM

by STEPHEN W. TROPP*

I. INTRODUCTION

In the spring of 1990, the motion picture studios received a startling wake-up call. On April 24, 1990, the U.S. Supreme Court handed down a 6–3 decision (Justice White filed a separate concurring opinion) in *Stewart v. Abend*.[2]

Justice O'Connor, writing for the majority, construed a provision of the Copyright Act of 1909 as allowing the heirs, upon vesting of the renewal interest in the twenty-eight year second term, to cut off rights to lawful licensees to continue to exploit a derivative work created and licensed during the initial term.[3]

This single ruling sent an entire industry scurrying to dusty files, often stored in vaults underneath sound stages, to ascertain the identity of the original licensees of source materials, to determine if individual authors were still alive. In the event that an author was deceased, when did the death occur (before or after the twelve-month renewal window) and which heirs currently held what rights. Noted entertainment lawyer, Stephen Kroft, called the decision "potentially staggering." He went on to say, "There are literally thousands of motion pictures based on underlying copyrighted works. Motion picture producers and copyright owners are going to have to research every one of these films to see if they have a problem."[4]

Further complicating the due diligence scramble was a case decided by the Ninth Circuit less than a year later regarding certain rights in the song *Good Golly Miss Molly*.[5] *Marascalco* added to the *Abend* interpretation by holding that not only must the author survive until the renewal window opens, but must also remain alive until the window closes on the

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[1] Cornell Woolrich, *It Had to Be Murder*, DIME DETECTIVE, Feb. 1942. This story provided the underlying work for Alfred Hitchock's film *Rear Window*.

[2] 495 U.S. 207 (1990).

[3] *Id.*

[4] Ruth Marcus, *Hitchcock Film Must Split Profit; Supreme Court Rules in Favor of Short-Story Copyright Holder*, WASH. POST, Apr. 25, 1990, at B1.

[5] Marascalo v. Fantasy, Inc., 953 F.2d 469 (9th Cir. 1991).

final day of the twenty-seventh year and the beginning of the twenty-eighth (the start of the renewal term) in order for the renewal rights to vest in their entirety.[6]

Addressing concerns raised by the dissenters and amici of the potential staggering impact of the ruling of *Abend*, Justice O'Connor stated: "Whether or not we believe that this is a good policy, this is the system Congress has provided, as evidenced by the language of the 1909 Act. Although the dissent's theory may have been a plausible option for a legislature to have chosen, Congress did not so provide."[7]

The statutory structure enacted by Congress in the 1909 Act was carried over into the 1976 Act in § 304(c). With respect to the 1909 Act works in their initial term on the effective date of the Copyright Act of 1976 (Jan. 1, 1978) (hereinafter the 1976 Act), § 304(c) effectively gave defined heirs a second bite at the apple to potentially cut off rights to derivative works produced under the initial grant.

The focus of this article is not the policy choices made by Congress with respect to works created before January 1, 1978. Whether those choices were wise or reflected practical considerations made necessary by the carry-over first term works under a dual term statute to a statute embracing a unitary term, is a matter fairly well settled by the *Abend* majority. Congress, however, did not stop there. As part of the massive re-write of copyright law reflected in the 1976 Act, Congress chose to embrace a similar philosophical approach with respect to post-1977 works under a unitary term in 17 U.S.C. § 203. The wisdom of these "Termination of Transfer and Licenses" provisions is of far greater concern. This examination becomes even more acute when we realize that the earliest effective date of a termination under this section is January 1, 2013 and the earliest statutory notice period opened on January 1, 2003.[8] As of the date of this article, the U.S. Copyright Office is currently not prepared to handle incoming notices or disputes as to authorship in the form of competing notices.[9] This article, initially will review the statutory and historical underpinning of what I will call the "Second Chance" doctrine from the

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[6] *Id.*

[7] *Abend*, 495 U.S. at 236.

[8] This assumes that a 1976 Act work was created and "fixed" on January 1, 1978, transferred on the same date, and that the statutory heirs gave notice of their intent to terminate the grant at the earliest possible date provided in the statute which is thirty-five years from the date of execution of the grant, and such notice was also given at the earliest statutory opportunity (ten years before the effective date of termination). *See* 17 U.S.C. § 203 (2000).

[9] In response to an email sent to the U.S. Copyright Office on June 1, 2004, concerning the internal procedures for handling notices and the forms to be filed for intent to terminate a transfer, the following response was received on June 9, 2004:

perspective of the 1909 Act and its predecessors through § 304 of the 1976 Act. The next section will outline the structure of § 203 of the 1976 Act and its functional similarity to historical precedent as well as the critical pertinent timeline. Further, potential impact on the 1976 Act's current legal climate of uncertainty with respect to "works made for hire" and works of "joint authorship" will be critiqued and compared to international norms. In addition, the notion that § 203 is based on fundamental marketplace misconceptions will be explored. Finally, this article will focus on the need for some Congressional action before there occurs a disruption in copyright jurisprudence that will make the *Abend* decision seem like child's play.

II. "SECOND CHANCE" — A HISTORY

We need merely to return to the Copyright Act of 1831[10] for historical perspective. This "entirely new policy" dissevered title to the work in the renewal term, "vesting an entirely new title *eo nomine* to the persons so designated."[11] As noted scholar Seymour Bricker suggested in describing the Act of 1831's departure from prior law:

> The purpose of the second term, at least since the Act of 1831 when the right of assignees to renewal was deleted, is to protect the author and those naturally dependant upon his bounty from the supposed imprudence of authors in business matters. Authors frequently assign their copyrights for sums which have no

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There is no Form with which to file a notice of termination of a grant with the Copyright Office. The Copyright Law at Section 203 specifies the information that needs to be present in that written notification:

(4) The termination shall be effected by serving an advance notice in writing, signed by the number and proportion of owners of termination interests required under clauses (1) and (2) of this subsection, or by their duly authorized agents, upon the grantee or the grantee's successor in title.

(A) The notice shall state the effective date of the termination, which shall fall within the five-year period specified by clause (3) of this subsection, and the notice shall be served not less than two or more than ten years before that date. A copy of the notice shall be recorded in the Copyright Office before the effective date of termination, as a condition to its taking effect.

(B) The notice shall comply, in form, content, and manner of service with requirements that the Register of Copyrights shall prescribe by regulation.

But it is not as though we [the U.S. Copyright Office] provide a Form to effect this notification. As the law prescribes, you will need to record the document with the Copyright Office prior to the date of termination.

[10] Act of February 3, 1831, ch. 16, 4 Stat. 436.

[11] White-Smith Music Publ'g Co. v. Goff, 187 F. 247, 250 (1st Cir. 1911).

> relation to the true monetary value of the work if it should be successful. The renewal term of copyright is the law's second chance to the author and his family to profit from his mental labors.[12]

This paternalistic approach stemmed from the widely held view that publishers and other large corporate entities primarily involved in the exploitation of the author's work would naturally have a superior bargaining position. In reality, as Nimmer indicated, "[U]nlike real property and other forms of personal property, [a copyright] is by its very nature incapable of accurate monetary evaluation prior to its exploitation."[13]

III. THE INTERNATIONAL PERSPECTIVE

Given that the massive re-write of U.S. copyright law culminating in the 1976 Act was prompted in large part by a desire to bring the U.S. in line with international norms, a brief examination of certain related international provisions is relevant for genealogical and interpretive purposes.[14] Professor Goldstein, in his extraordinarily comprehensive treatise on international copyright law, identifies only a handful of countries that grant what he calls a "Right of Withdrawal."[15]

Closely tied to moral rights, France, Germany, Italy and Spain have adopted a form of *droit de repentir*. This grant usually involves the author's right to withdraw their work from circulation when the work no longer comports with the underlying artistic integrity. This right, however, is usually conditioned on an indemnification obligation. Goldstein uses French law to illustrate the concept:

> Notwithstanding assignment of his right of exploitation, the author shall enjoy a right to reconsider or of withdrawal, even after publication of his work, with respect to the assignee. However, he may only exercise that right on the condition that he indemnify the assignee beforehand for any prejudice the reconsideration or withdrawal may cause him. If the author decides to have his work published after having exercised his right to reconsider or of withdrawal, he shall be required to offer his rights of ex-

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[12] Seymour Bricker, *Renewal and Extension of Copyright,* 29 S. CAL. L. REV. 23, 27 (1955).

[13] 2 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 9.02, at 9-8 (2003).

[14] Berne Convention Implementation Act of 1998, Pub. L. No. 100-568, 102 Stat. 2853.

[15] PAUL GOLDSTEIN, INTERNATIONAL COPYRIGHT PRINCIPLES, LAW, AND PRACTICE § 5.4.2.4, at 290 (2001).

> ploitation in the first instance to the assignee he originally chose and under the conditions originally determined.[16]

Professor Goldstein goes on to suggest that this right of withdrawal, albeit rarely asserted in a litigation context, is the civil law equivalent to 17 U.S.C. § 304(c) and § 203 and is used primarily to renegotiate the terms of the original grant.[17] However, given the timeline with respect to § 203 terminations of transfer, we as yet do not know the full impact and potentially disruptive hazards entailed by the exercise of these rights. Unlike the French and other civil law provisions, under § 203, there is no indemnification obligation or right of first refusal imposed to act as a natural economic governor on impetuous or improvident terminations.

In any discussion of these termination or withdrawal rights, it is essential to factor the work-for-hire doctrine into the equation. The history of the 1976 Act's work-for-hire provisions, as discussed in greater detail below, is inextricably linked to § 203 termination rights. Similarly, on the international stage, the withdrawal rights are intellectually inseparable from works made for hire or specially commissioned works.

In the international setting, certain critical presumptions lie at polar opposites as between civil law and common law regimes. In most civil law settings, fundamental principle mandates that authorship vests initially in the creator irrespective of employment status.[18] There are, however, some exceptions.[19] In common law countries, however, works created in the course and scope of employment vest ab initio in the employer.[20]

Interestingly, cinematographic works posed a particular problem in the civil law countries. As the paradigmatic collaborative work, production of a motion picture may involve the creative labor of literally hundreds of "authors." While the awarding of statutory authorship in the common law context to the production entity is an easy and obvious solution, the civil

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16 *Id.* (citing Intellectual Property Code art. L 121-4 (Fr.).

17 GOLDSTEIN, *supra* note 15, at § 5.4.2.4.

18 Intellectual Property Code art. L 111-1 (Fr.).

19 Professor Goldstein points out that, with respect to computer software, France, Germany, Japan and the EC, in recognition of the industrial necessities in a modern information age economy, reverse the civil law presumption and provide that works of computer software vest initially in the employer. In Italy, for example, there exists, in addition to the moral rights, a cap on publishing contracts for twenty years. *See* GOLDSTEIN, *supra* note 15, § 5.2.1.4; Intellectual Property Code art. L 113-9 (Fr.); Copyright Act art. 69b (Ger.); Copyright Act art. 15(2) (Japan); Copyright Act art. 122 (It.), and Software Directive, art. 2 (EC).

20 *See* GOLDSTEIN, *supra* note 15, § 5.2.1.4, at 211 (citing Copyright Act § 13(3) (Can.); Copyright Designs & Patents Act 1988 § 11(2) (Eng.)). The U.S. provisions under the Copyright Act of 1976 to be discussed in greater detail below.

law's traditional separation of the artist's pecuniary interest and the distinct interest in the artist's reputation and integrity or "moral rights" interest, creates a greater difficulty with works of this kind. Under this dual interest approach, the economic interests are freely alienable for the duration of the work (in France, life plus seventy years), while the moral right is perpetual and inalienable. This is dealt with in the case of motion pictures by implying into the presumptive joint authorship relationships (director, screenwriter, composers) an assignment of all economic rights to the production entity.[21] Further, as discussed above, the withdrawal rights under the non-economic rights heading, carries a frivolous termination failsafe by requiring the authors who intends to withdraw their work to indemnify the grantee.

IV. TERMINATION OF TRANSFERS AND LICENSES

A. Origins

Under section 24 of the Copyright Act of 1909,[22] a renewal provision existed which allowed for ownership of a copyright to revert to the author, if the author were still living. In the event the author was deceased, the copyright would revert to the author's heirs, if a renewal claim was registered in the twenty-eighth year of the original term. Note that, under the 1909 Act, copyright protection existed in a dual term format which provided for an original term of twenty-eight years and a renewal term of twenty-eight years for a total of fifty-six years. The underlying theory behind this renewal provision was to allow authors or the specified beneficiaries of authors another window of opportunity to exploit their creative works. In practice, however, this was not the case and neither the author nor his heirs ever got this elusive second chance because, "the author assigned contingent rights in the renewal term well before his or her rights vested, and the assignee reaped the benefits of the renewal term if the author survived until the renewal vested."[23] Additionally, the formalities associated with registration of the renewal term often led to forfeiture.

Section 24 of the Act of 1909 led directly to formation of § 203 and § 304 under the 1976 Act. One of the issues that received some attention and focus during the revision of the Copyright Act was this renewal provision which was considered complex, awkward, and unfair. The goal of the revision in this area was to protect the artist and to correct the problem, which, according to both House and Senate reports, derived from both the

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[21] Intellectual Property Code art. L 113-7 (Fr.).

[22] Copyright Act of 1909, Pub. L. No. 349, 35 Stat. 1075.

[23] COPYRIGHT OFFICE, LIBRARY OF CONGRESS, GENERAL GUIDE TO THE COPYRIGHT ACT OF 1976, at 6:1 (1977) [hereinafter GENERAL GUIDE].

artist's unequal bargaining power, and the inability to accurately determine the value of a work at the time of assignment.[24]

Copyright scholar, Jessica Litman, in a piece marking the tenth anniversary of the 1976 Act described the 1909 Act as "riddled with analytically indefensible distinctions, impractical definitions, and wholesale distortion of statutory language. It was nonetheless a magnificent edifice."[25]

Litman goes on to quote Barbara Ringer, then Register of Copyrights on the 1976 revision process:

> The revisions contained in the New Act are certainly "general" in scope; they substantially revise the provisions of that antiquated law under which we have been struggling for sixty years . . . . But the New Act is not a "general revision" in the same sense that the 1909 Act was, *i.e.*, a bringing together of scattered statutory provisions with relatively few changes or innovations. The New Act is rather a completely new copyright statute, intended to with a whole range of problems undreamed of by the drafters of the 1909 Act. Even more important, the new statute makes a number of fundamental changes in the American copyright system, including some so profound that they mark a shift in direction for the very philosophy of copyright itself. Properly designated, the New Act is not a "general revision," but is as radical a departure as was our first copyright statute, in 1790.[26]

Litman goes on to discuss the extraordinary process that dictated the legislative complexion of the bill. The Register during the mid 1960s, Abraham Kaminstein, held countless meetings with interested parties including book and music publishers, motion picture studios, artists, writers, and freelancers. Written comments were made after each series of meetings and were transformed into draft proposals which were circulated once again to copyright claimants and to members of Congress.[27]

In designing the pre-legislative meetings, it was clear that compromise was the watchword of the process. Describing the use of nearly thirty-five studies produced on copyright law from 1955–65, Kaminstein commented:

> In the hearings on this bill before Subcommittee No. 3 of the House Judiciary Committee earlier this year (1965) a question was raised as to why, in view of the fast-evolving communica-

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[24] *See* H.R. CONF. REP. NO. 94-1733 (1976).

[25] Jessica Litman, *Copyright, Compromise, and Legislative History*, 72 CORNELL L. REV. 857, 858-59 (1987).

[26] *Id.* at 859 (citing Barbara Ringer, *First Thoughts on the Copyright Act of 1976*, 22 N.Y.L. SCH. L. REV. 477, 479 (1977)).

[27] Litman, *supra* note 25, at 872.

> tions technology, there have not been more frequent revisions of the copyright law. If there is a single answer to this question, I believe it is that there are so many interrelated creator-user interests in the copyright field, and they present such sharp conflicts on individual issues, that the consensus necessary for any general revision is extremely difficult to achieve.[28]

These "sharp contrasts" are best illustrated by the evolution during the legislative process of two key interrelated subjects; more specifically, works made for hire and termination of transfers.

The starting point is the 1961 Register's Report. The document begins its discussion on the reversionary problem by pointing out the abject failure of the then on current system. Citing the common practice of publishers to take advance assignments of future renewal rights, the Register pointed out that that practice effectively "thwarted" the underlying purpose behind the renewal and reversion process.[29] The report then went on to list several reasons for eliminating the reversionary provision:

> It has been argued that most authors do not need or want to be treated as incompetent to handle their business affairs. Many of them band together in organizations which negotiate standard contracts providing for continuing royalties. Their assignments can be and often are given for limited periods of time.[30]

While recognizing that this may not be the case with all authors, the Report nevertheless goes on to list the reasons for eliminating the reversion interest in its entirety:

> (1) Authors would often be in a better bargaining position if they could assign their rights unconditionally beyond the 28th year.
> (2) Assignees should have assurance that the rights acquired by them will not be cut off by the death of the author.
> (3) An author's copyrights, like his other personal property, should be subject to his bequest by will or, if he leaves no will, should go to his heirs under the general law of intestate succession.[31]

The Report then concludes:

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[28] *Id.* (citing *Copyright Law Revision: Hearings on H.R. 4347, H.R. 5680, H.R. 6831, H.R. 6835 Before the Subcommittee on Courts, Civil Liberties, and the Administration of Justice of the House Judiciary Committee*, 89th Cong. 1858-59 (1965) (testimony of Abraham Kaminstein, Register of Copyrights)).

[29] REGISTER OF COPYRIGHTS, REGISTER'S REPORT ON THE GENERAL REVISIONS OF THE U.S. COPYRIGHT LAW 53 (1961).

[30] *Id.* at 54.

[31] *Id.*

> We believe that the provision of the present law for reversion of the renewal right to the author or specified heirs should be eliminated. We propose that the law simply provide for the extension of the first 28-year period to the maximum term upon filing of a renewal application by a person claiming an interest in the copyright. This is in contrast with the present law, under which the copyright can be renewed only in the name of the particular claimant specified in the statute. Our proposal would mean that the renewal becomes a mere extension of the term without affecting ownership of rights under existing contracts. Any person claiming an interest in the copyright — author, executor, heir, employer, assignee, licensee, etc. — could make renewal registration. The renewal would extend all rights under the copyright to the full 76-year term, for the benefit of everyone having an interest in the copyright.[32]

Later in the Report, in a discussion of a proposed term and issues of divisibility, the Register makes an interesting recommendation that in part, is designed to balance the elimination of the reversionary interest:

> We suggest that a period of 20 years would be ample to enable a lump-sum transferee to complete his exploitation of the work and to realize a fair return on his investment. If he should wish to exploit the work beyond that period, he could then negotiate a new contract with the author or his heirs. We do not believe this time limit would hamper exploitation. The Report then went on to specifically recommend a 20 year limitation on assignments unless the assignment provided for continuing payment of royalties beyond that limit.[33]

By 1965, in a supplementary report to the House Judiciary Committee, the 1961 treatment of termination of transfers (generally known as the "reversion" problem), had become "the most explosive and difficult issue[s]."[34] The 1965 Report indicated that the twenty-year limitation on the duration of assignments recommended in the 1961 Report, "met with little favor from either side."[35] The 1965 Report stated:

> While strongly supporting the principle of reversion, the representatives of author's organizations opposed any exemption of assignments providing continuing royalties. They argued that,

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32 *Id.*

33 *Id.* at 94.

34 SUPPLEMENTARY REGISTER'S REPORT ON THE GENERAL REVISION OF THE U.S. COPYRIGHT LAW 71 (1965) [hereinafter 1965 REPORT].

35 *Id.* at 72.

> because most authors are in no position to insist on favorable conditions at the time they transfer their rights, and because the profit potential of a work is generally unknown at that time, the right to renegotiate their assignments is essential to the authors' interests. They urged, however, that a provision exempting royalty agreements from the right of reversion would render the right illusory, since it could easily be evaded by provisions for nominal royalties. On the other side, representatives of publishers and motion picture producers, among others, denied that authors generally are in a poor bargaining position, especially since the authors assume none of the risk of loss involved in the exploitation of their works. They argued that a reversion provision would violate the freedom of the parties to contract among themselves without limitations, and they objected particularly to a system under which assignments would automatically terminate by operation of law, thus placing the burden on the publisher, producer, or other user to seek out the author or his heirs in order to continue using the work. They also insisted that the 20 year limitation would be much too short for the adequate exploitation of the work.[36]

The 1965 Report then sought to split the baby and recommended the revisions that are still in place today:

> Rather than clinging stubbornly to any particular formula for implementing the principle of reversion, we have sought actively and persistently to find a basis for agreement that would be a practical benefit to authors and their families without being unfair to publishers, film producers, and other users. Section 203 represents a compromise which, we hope, will accomplish this purpose.[37]

And the 1965 Report continues: "[T]he basic 35-year figure represents a compromise which, we believe, is short enough to be of benefit to authors and long enough to avoid unfairness to publishers and other users."[38] Drawing the thirty-five year figure (or forty years if including a right of publication) out of "thin air" is discussed nowhere else in the Report or in the final bill. However, examination of certain other compromises sheds some light on this approach. For example, the 1965 Report reaffirmed earlier discussion of allowing for the continuation of exploitation of derivative works[39]created under the original grant; and, as will be

[36] *Id.*
[37] *Id.*
[38] *Id.* at 75.
[39] *Id.*

discussed in greater detail below, changed dramatically the structure of the work-for-hire doctrine to address special authorship issues arising from the preparation of certain types of collaborative works.

The 1965 Report stated: "It was argued that the same legal and policy considerations dictating special treatment of 'works made for hire' apply to these works and that, in particular, it would be unfair in these cases to allow authors to terminate assignments of rights under § 203."[40] As characterized by Professor Litman "After protracted negotiations, industry representatives met one another half-way. Subject to the revised definition of works made for hire, which were not subject to termination, the parties agreed on a provision permitting authors to terminate transfers."[41]

B. Structure of Section 304

As a threshold matter, it is important to note that some works will not be subject to termination. Section 304, specifically § 304(c), applies only to grants made before January 1, 1978 and § 203, as discussed below, applies only to those grants made on or after January 1, 1978. Both § 304 and § 203 exclude works made for hire in which there are no termination rights.[42]

Section 304(c) addresses termination of transfer and licenses covering extended renewal terms. Those grants made either by the author, if living, or the beneficiaries of the author, if deceased, may terminate if renewal could be claimed under the present law. Briefly, under the 1909 Act, copyright protection existed in a dual term format which provided for an initial term of twenty-eight years and a renewal term of twenty-eight additional years for a total of fifty-six years of protection.

The author, if living, may terminate. In the event of joint authorship, termination of the grant may be initiated by the author to the extent of the author's share in the renewal copyright.[43] If deceased, the author's heirs may terminate. The shares afforded each of the deceased author's heirs are the same as those delineated in § 203 (discussed below).[44]

There is a notable difference between § 203 and § 304 in terms of when termination may be effected. Under § 304(c)(3), termination may take place during a five-year period, beginning from the end of the fifty-sixth year from the date the copyright was originally secured or beginning on January 1, 1978, whichever is later.[45]

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[40] *Id.* at 67.
[41] Litman, *supra* note 25, at 891.
[42] 17 U.S.C. §§ 203, 304 (2000).
[43] *Id.* § 304(c)(1).
[44] *Id.* § 304(c)(2)(A)–(D).
[45] *Id.* § 304(c)(3).

The procedure for termination under § 304(c)(4) is as follows: Termination requires service of an advance written notice upon the grantee or his successors in interest. If the grant was executed by a person(s) other than the author, the notice must be signed by the person(s) who executed the grant or their authorized agents. In the event of a joint work, the notice as to the share of any author must be signed by said author or the author's authorized agent. If the aforementioned author is deceased, the termination notice must be signed by the author's heirs in number and proportion who are entitled to exercise a total of more than one-half of that author's termination interest. The notice must state the effective date of termination and shall be served not more than ten or less than two years before that date.[46] A copy of the notice, which must comply in form and content with the regulations of the U.S. Copyright Office, must be filed with that office before the effective date of termination.[47]

The termination effectively causes all rights to revert to the author or to those heirs that have the right to terminate, on the effective date of termination.[48] The exception is with respect to derivative works which were prepared before the termination.[49] These derivative works can continue to be exploited.[50] However, no new derivative works may be prepared after termination. The termination rights vest on the day notice is served.[51] The Copyright Office *General Guide to the Copyright Act of 1976* gives two examples:

> 1. A publishing company, on July 1, 1977, makes a contract with Norbert Novelist for a new book. The book is not written until July 20, 1979. The rights transferred in the July 1, 1977 contract would not be subject to termination. The grant was made before January 1, 1977 [sic, should read 1978] but not for a work in which copyright was subsisting on the effective date of the new law.
>
> 2. An author writes a book in 1970; the work is never published and no rights in the work were assigned during the author's lifetime — author died in August of 1980. In June of 1981, the author's widow grants a publishing company certain rights. Those rights are not subject to termination. Only section 203 can apply and that section is limited to grants made by the author.[52]

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[46] *Id.* § 304(c)(4)(A).
[47] *Id.* § 304(c)(4)(A)(B).
[48] *Id.* § 304(c)(6).
[49] This language was designed to correct the problems, addressed in *Abend*, that arose under prior section 24 of the 1909 Act.
[50] 17 U.S.C. § 304(c)(6) (2000).
[51] *Id.* § 304(c)(6)(A).
[52] GENERAL GUIDE, *supra* note 23, at 6:6.

C. *Structure of Section 203*

Section 203(a) covers conditions for termination of works created on or after the effective date of the 1976 Act (January 1, 1978). Initially, it is important to note that only grants by the author, other than those made by will, of exclusive or nonexclusive rights, but not works made for hire are covered.[53] Section 203(a)(1) describes who may terminate. In the event that the grant was executed by a single author, termination of the grant may be made by the author, if living. If the author is deceased, termination may be effected by the person or persons who own a majority, that is, more than one-half of the author's termination interest. In the event of a grant executed by two or more authors, that is, a joint work, termination may be made by a majority of the authors who executed the original grant. If any of the authors are deceased, then the termination interest of the deceased author may be exercised by the person or persons who control more than one-half of that author's termination interest.

Section 203(a)(2) describes termination after an author's death and who owns, and thus may exercise, the deceased authors termination interest. When the author dies and is survived by only a widow or widower and no children, then the surviving spouse owns the entire termination interest. Conversely, when the author is survived only by children and no widow or widower exists, then the children own the entire termination interest. If the author is survived by both a spouse and children, then the termination interest is divided between them such that the widow or widower own 50% of the termination interest and the children own the remaining 50% of the termination interest. Note that the rights of the author's children and grandchildren are in all cases divided among them and exercised on a per stirpes basis according to the number of children represented. Additionally, the share of the children of a dead child of the author can only be exercised by a majority of them. Finally, if the author dies and is not survived by a spouse, children, or grandchildren, then the author's executor, administrator, personal representative or trustee will own the entire termination interest.[54]

Section 203(a)(3) addresses when termination may be effected. Termination may be effected during a five-year window which opens at the end of the thirty-fifth year from the date of the original grant. If the grant covers the right of publication of the work, the window opens thirty-five years from the date of the original publication or forty years from the date of the original grant, whichever period is shorter.[55]

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[53] *Id.* § 203(a).

[54] *Id.* § 203(a)(2).

[55] *Id.* § 203(a)(3).

Section 203(a)(4) tells us that termination may be effected by serving an advance written notice which is signed by the author(s) or owner(s) of the termination interest described above, states the effective date of termination, and is served no less than two nor more than ten years before the date that termination is to take effect.[56] The notice must comply in form and in content with U.S. Copyright Office regulations and a copy of the notice must be recorded with the U.S. Copyright Office before the effective date of termination.[57]

In the *General Guide to the Copyright Act of 1976*, two illustrations, taken from the House report, are used:

> 1. Contract for theatrical production signed on September 2, 1987. Termination of the grant can be made to take effect between September 2, 2022 (35 years from execution) and September 1, 2027 (end of 5-year termination period). Assuming author decides to terminate on September 2, 2022, the advance notice must be filed between September 2, 2012 and September 2, 2020.
> 2. Contract for book publication executed on April 10, 1980; book finally published on August 23, 1987. Since contract covers the right of publication, the 5-year termination period would begin on April 10, 2020 (40 years from execution) rather than April 10, 2015 (35 years from execution) or August 23, 2022 (35 years from publication). Assuming that author decided to make the termination effective on January 1, 2024, the advance notice would have to be served between January 1, 2014 and January 1, 2022.[58]

Section 203(b)(1)–(6) discusses the effect of termination. Essentially, upon the effective date of termination, all rights revert to the author or to those who hold the right to terminate (i.e., the author's heirs). Rights revert to all owners of the termination interest, including those who did not join in signing the notice of termination.[59] The exception to this rule is that derivative works, prepared under the authority of the grant before its termination may continue to be utilized under the terms of the original grant after termination.[60] Rights vest on the date that the notice is served. In the event of death of the beneficiary, the rights are inherited by that person's heirs.[61] In order to make a further grant post-vesting, or an

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[56] *Id.* § 203(a)(4).

[57] *Id.*

[58] GENERAL GUIDE, *supra* note 23, at 6:3-6:4 (quoting H.R. REP. NO. 94-1476, at 126 (1976)).

[59] 17 U.S.C. § 203(b) (2000).

[60] *Id.* § 203(b)(1).

[61] GENERAL GUIDE, *supra* note 23, at 6:4.

agreement to make a further grant post-vesting valid, two requirements must be met. First, the further grant or agreement must be signed by the same number and proportion of owners, in whom the rights have vested as would be required to terminate the grant.[62] Second, the further grant or agreement must be made after the effective date of termination with one exception. The exception to this rule provides that a new transfer to the original grantee or his successors may be made after the notice of termination is served.[63]

V. THE UNCERTAINTY ELEMENT: WHO IS THE AUTHOR?

Under § 203, (as well as § 304), fundamental to any analysis is knowledge of the identity of the author. A core dispute on the issue of statutory authorship makes identifying statutory heirs in whom the termination rights vest, a practical impossibility. The likelihood of uncertainty is great given splits in authority on the nature of "joint authorship" and importation into the "work-for-hire doctrine" of the fluid *Restatement of Agency* analysis.[64]

A. Joint Authorship

The '76 Act defines a "joint work" as, "work prepared by two or more authors with the intention that their contributions be merged into inseparable or interdependent parts of a unitary whole."[65] Not surprisingly, the leading academic commentators are split on the meaning and interpretation of the statutory definition. The split arises from the interpretation of the term "contribution" as used in the statute. Nimmer's position is that the contributions by various authors turn on the nature of intent. The combination of the works into the inseparable whole will sustain those contributions that are merely unprotected ideas if the requisite intent of the parties is that the work be so combined and that the parties intended to be joint authors.[66]

Professor Goldstein has taken a very different position. Under Goldstein's view, each contribution, standing alone, must rise to level of copyrightable subject matter. As such, a contribution by a putative joint author that amounts to merely unprotectible ideas, will not achieve joint authorship status irrespective of subjective intent.[67]

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62 17 U.S.C. § 203(b)(3) (2000).

63 *Id.* § 203(b)(4).

64 For a discussion of the Nimmer/Goldstein split, see *Ashton-Tate v. Ross*, 916 F.2d 516, 521 (9th Cir. 1990).

65 17 U.S.C. § 101 (2000).

66 *See* 1 NIMMER & NIMMER, *supra* note 13, § 6.03, at. 6-7.

67 1 PAUL GOLDSTEIN, COPYRIGHT: PRINCIPLES, LAW, AND PRACTICE § 4.2.1, at 379 (1989). *See also* Ashton-Tate v. Ross, 916 F.2d 516 (9th Cir. 1990).

The Goldstein position was adopted by the Ninth Circuit in *Ashton-Tate v. Ross*[68] and Nimmer's view is followed by the Seventh Circuit in *Erickson v. Trinity Theater, Inc.*[69] Insofar as § 203 clearly mandates procedural approaches to be made in the notice and termination vesting aspects with respect to works where more than one author is involved, ambiguity relating to joint authorship claims will significantly muddy already turbid waters.[70] The clear possibility of dueling notices under § 203 should be readily apparent.

B. Works Made for Hire

The United States Supreme Court, in a unanimous opinion authored by Justice Marshall in 1989, attempted to resolve a simmering circuit split that had developed in the interpretation of the work-for-hire doctrine under the '76 Act.[71] Alternate interpretations had arisen in the Fifth Circuit in *Easter Seals*,[72] the Ninth Circuit in *Dumas*,[73] and the Second Circuit in *Aldon*.[74]

The Fifth Circuit, in *Easter Seals*, was one of the first circuits to look critically at the modifications of the work-for-hire doctrine made by the '76 Act. After an in-depth discussion of the *Yardley* rule[75] and its expansion, the court opined:

> Thus, at the time of the adoption of the 1976 Act, the simple rule of Yardley for allocating the risk of uncertainty about whether the copyrights were assigned to the buyer had developed into an almost irrebutable presumption that any person who paid an-

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68 916 F.2d at 517.

69 13 F.3d 1061, 1068 (7th Cir. 1994).

70 In the case of a grant executed by two or more authors of a joint work, termination of the grant may be effected by a majority of authors who executed it; if any such author is dead, the termination interest of any such author may be exercised as a unit by the person or persons who under clause (2) of this subsection, own and are entitled to exercise a total of more than one half of that author's interest. *See* 17 U.S.C. § 203(a)(1) (2000).

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

72 Easter Seal Soc'y for Crippled Children & Adults of Louisiana, Inc. v. Playboy Enters., 815 F.2d 323 (5th Cir. 1987).

73 Dumas v. Gommerman, 865 F.2d 1093 (9th Cir. 1989).

74 Aldon Accessories, Ltd. v. Spiegel, Inc., 738 F.2d 548 (2d Cir. 1984).

75 Yardley v. Houghton Mifflin Co., Inc., 108 F.2d 28, 31 (2d Cir. 1939) (holding that "If [an artist] is solicited by a patron to execute a commission for pay, the presumption should be indulged that the patron desires to control the publication of copies and that the artist consents that he may, unless by the terms of the contract, express or implicit, the artist has reserved the copyright to himself.").

> other to create a copyrightable work was the statutory "author" under the "work for hire doctrine."[76]

The court went on to discuss three potential interpretations of the changes to the doctrine in the new act. The literal interpretation ultimately adopted by the court, essentially turned the 1909 Act work-for-hire jurisprudence on its head. Instead of the strong presumption in favor of the commissioning party, the literal interpretation requires a court to first look to the employment status of the commissioned party, i.e., whether they are an employee or an independent contractor. Then, using an agency law analysis to determine status, an employee performing the work within the course and scope of employment is denied statutory authorship in favor of the employer. However, in the event the relationship is more akin to an independent contractor, the positions are reversed and the employer/commissioning party is not the statutory author and may only gain title through an assignment. Further, in this event, authorship could be salvaged by the employer/commissioning party only if the work falls into one of the nine enumerated categories of traditional collaborative works such as motion pictures or other audio-visual works and there is a legally sufficient writing executed by the parties.

The Fifth Circuit went further, rejecting a "conservative" approach which deviated very little from the 1909 Act approach and focused on the "instance and expense," "right of control," and "actual control" tests. It also rejected a compromise position suggested by the Second Circuit in *Aldon*. Quoting Chief Judge Feinberg of the Second Circuit, the *Aldon Accessories* test was described thusly:

> [The] theoretical right to control, present in most circumstances where one party is paying another, is no longer enough. We now require actual participation in and control of the creative process by the buyer. The person who simply commissions a work of art and takes delivery is no longer "presumed" to be the author, and section 101(2) applies. But if the buyer participates significantly in the creative process and exercises significant control over it, then the "work for hire" doctrine applies and the buyer is the author of the work, regardless of the fact that the seller was hired as a freelance.[77]

Interestingly, under *Aldon*, sufficient participation and contribution that rise to the level of copyrightable expression may, at a minimum, make the commissioning party a "joint author" under Goldstein's test.

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[76] *Easter Seal*, 815 F.2d at 327.

[77] *Id.* at 332 (citing *Aldon Accessories*, 738 F.2d at 552-53).

Adding to the confusion, in early 1989, the Ninth Circuit, in a unanimous opinion by Judge Fletcher, rejected previous decisions by the Fifth Circuit (*Easter Seals*), of the D.C. Circuit (*CCNV*), and the Second Circuit (*Aldon Accessories*).[78] Of particular significance here, the Fletcher opinion presciently linked interpretation of the work-for-hire conundrum with the upcoming termination of transfer provisions in § 203. The dispute involved noted graphic artist Patrick Nagel in the person of his widow, Jennifer Dumas. ITT Cannon had commissioned Nagel to create a series of promotional lithographs to be given away to its distributors. A less than successful ad campaign ended with art dealer Stefan Gommerman purchasing the remaining lithographs including all copyrights thereto (the original paintings had been destroyed by this time) from ITT Cannon. All of the artwork had increased in value significantly due to the unfortunate death of Patrick Nagel. After learning of Gommerman's intent to reproduce the lithographs in poster form, Dumas filed suit to stop the reproduction.

The court began its analysis by looking at the 1976 Act provisions relating to the work-for-hire doctrine in the historical context in which it appears:

> There is considerable interaction among the various sections of the Act. Under the 1909 Act, federal copyright was secured by publication. 17 U.S.C.
>
> § 10 (repealed). The 1976 Act changed this law, providing that copyright subsists from the moment of fixation, not publication. 17 U.S.C. § 102(a). Copyright under the 1976 Act thus exists even in works in progress. See 17 U.S.C. § 101 definitions of "created" and "fixed." A transfer of copyright ownership requires a written instrument. 17 U.S.C. § 204(a). The transfer of a material object in which a work is fixed does not transfer the copyright in the work. 17 U.S.C. § 202.[79]

Section 201(b) is therefore necessary to establish the employer as the initial owner of the copyright in works made for hire. Without this provision, copyright would vest in employees at the moment of fixation, a written instrument would be required to transfer ownership of the copyright to the employer.

And the court continued:

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[78] *See* Easter Seal Soc'y for Crippled Children & Adults of Louisiana, Inc. v. Playboy Enters., 815 F.2d 323 (5th Cir. 1987); Community for Creative Non-Violence v. Reid, 490 U.S. 730 (1989); Aldon Accessories, Ltd. v. Spiegel, Inc., 738 F.2d 548 (2d Cir. 1984).

[79] Dumas v. Gommerman, 865 F.2d 1093, 1097 (9th Cir. 1989).

> A more important effect of § 201(b) is to eliminate termination rights that the employee would otherwise have if ownership vested in the employer by transfer, rather than ab initio. 17 U.S.C. § 203(a) provides that for works other than those made for hire, transfer or license of copyright or any right under the copyright is subject to termination 35 years after the transfer or license is made . . . . Designating a work as "made for hire" irretrievably takes away more than just the artist's copyright; it also deprives him or her of the opportunity to renegotiate the transfer after the market value of the work has been more precisely determined.[80]

The Ninth Circuit specifically recognized the importance of bright line tests and predictability as a critical component in work-for-hire situations. In a footnote, the court stated: "Not surprisingly, the scope of the work-for-hire doctrine was closely linked with the issue of termination of transfers and licenses of copyrights in the debate which led to the 1976 Act."[81]

The Supreme Court took on the split in *CCNV* dealing with an authorship dispute relating to Mitch Snyder's commission of a sculpture entitled "Third World America" and the noted sculptor, James Earl Reid. Attempting to resolve splits over the statute's use of the term "Employee,"[82] the Court settled on a "split the baby" approach importing wholesale into the Act, the evaluative factors of the *Restatement of Agency*:

> The court in deciding the employment versus independent contractor question must take into account, according to *CCNV*, the following:
> (a) the extent of control which, by the agreement, the master may exercise over the details of the work;
> (b) whether or not the one employed is engaged in a distinct occupation or business;
> (c) the kind of occupation, with reference to whether, in locality, the work is usually done under the direction of the employer or by a specialist without supervision;
> (d) the skill required in the particular occupation;
> (e) whether the employer or workman supplies the instrumentalities, tools, and the place of work for the person doing the work;
> (f) the length of time for which the person is employed;
> (g) the method of payment, whether by time or by the job;

[80] *Id.* at 1098 (emphasis added).
[81] *Id.* at n.10 (citations omitted).
[82] 17 U.S.C. § 101 (2000).

(h) whether or not the work is part of the regular business of the employer;
(i) whether or not the parties believe they are creating the relation of master servant and;
(j) whether the principal is or is not in business.[83]

The Court, in an exhaustive review of the legislative history, found no indication that the use of the term "employee" in § 101(1), meant anything other than employment in an agency context: "On the contrary, Congress' intent to incorporate the agency law definition is suggested by § 101(1)'s use of the term 'scope of employment', a widely used term of art in agency law."[84]

The Court concluded, however, later in the opinion:

> Despite the lengthy history of negotiation and compromise which ultimately produced the Act, two things remained constant. First, interested parties and Congress at all times viewed works by employees and commissioned works by independent contractors as separate entities. Second, in using the term "employee," the parties and Congress meant to refer to a hired party in a conventional employment relationship.[85]

The Supreme Court's injection of the *Restatement of Agency* factors was clearly not based on any specific discussion in any of the reports leading up to Congress' adoption of the language. The Court was correct, however, that the word "employee" as used in the statute was nowhere defined. The leap, however, using only the term "scope of employment" to bridge the gap, is without foundation. It is clearly equally plausible that use of scope of employment in the context of a formal salaried employee, as discussed in *Dumas*, merely defined the contours of the creative work engaged in by the employee. A waiter in a restaurant, as a regular salaried employee, who writes a new computer program for tracking orders to the kitchen, is clearly not doing so in the course and scope of his employment. The court need not engage in an in-depth analysis of the ten-factor *Restatement* test to arrive at this conclusion. It is obvious that the waiter *is* an employee in the traditional sense but the creative labor falls outside his scope of employment. Concerns raised by freelancers during the legislative compromise process are also easily dealt with: They are not traditionally formal salaried employees.

It has even been suggested that an alternate approach to the definition of employee would create far greater predictability at the outset and

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[83] RESTATEMENT (SECOND) OF AGENCY § 220 (1958).
[84] Community for Creative Non-Violence v. Reid, 490 U.S. 730, 740 (1989).
[85] *Id.* at 743.

come much closer to the Court's understanding of the Act's intent to separate employees from independent contractors. "For instance, an employee could be defined as one who receives employment benefits required by law and whose employer withholds taxes from salary."[86]

Despite or maybe because of the Supreme Court's decision in *CCNV* and a lack of understanding that predictability stands as an overarching principle in the critical "authorship" determination, decisions since illuminate the continued chaotic state of affairs. In 1997, the U.S. District Court for the Southern District of New York decided *Zyware, Inc. v. Middlegate, Inc.*[87] A full eight years after *CCNV*, the court was still ignoring specific critical distinctions between "ownership" and "authorship." At issue in *Zyware* were three agreements between parties who, under any analysis, lacked an employment relationship even under the broadest parameters set forth in *CCNV*. Further, the software (works at issue) clearly did not fall into any of the nine enumerated categories of collaborative works under § 101 "work made for hire" (2). Notwithstanding, the parties entered into an agreement entitled "Work for Hire Agreement."[88] Executed by the parties, the Agreement provided in pertinent part, "that NED shall be entitled to own and control all proprietary technology . . . including works of expression and all copyrights in such works."[89] And the clause concluded with, "All copyrightable materials generated or developed under this agreement including, but not limited to, computer programs and documentation, shall be considered works made for hire under the copyright laws for the United States and they shall, upon creation, be owned exclusively by [NED].[90]

The district court went on to interpret this agreement, as well as a series of other documents as sufficient writings to constitute an exclusive assignment under § 204(a). While the propriety of this holding is unassailable in the context of the assignment of ownership rights, it clearly brings to mind the inevitable question of statutory authorship. Under § 203, the actual creators of the works will clearly be able to terminate this exclusive transfer despite its court-sanctioned validity, thus frustrating the obvious contractual intent of the parties and the underpinnings of the district court's opinion.

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86 Marci A. Hamilton, *Commissioned Works as Works Made for Hire Under the 1976 Copyright Act: Misinterpretation and Injustice*, 135 U. PA. L. REV. 1281, 1313 (1987) (citing proposed S. 2330, 99th Cong.).

87 Zyware, Inc. v. Middlegate, Inc., No. 96 Civ. 2348 (SHS), 1997 WL 685336, at *4 (S.D.N.Y. Nov. 4, 1997).

88 *Id.* at *3.

89 *Id.*

90 *Id.*

In 1995, the Sixth Circuit attempted to determine employment status with respect to an audiovisual work.[91] In a challenge to the validity of the copyright in a video production about Mackinac Island, CapCities/ABC contended that the copyright was invalid due to the fact that the filed registration was as a "work for hire" and, under § 101 "work made for hire" (2), a legally sufficient writing was lacking. The district court upheld the validity of the copyright relying on § 101 "work made for hire" (1) and finding that under the *Restatement of Agency* factors adopted in *CCNV*, the Hi-Tech production staff were "employees" for purposes of the work-for-hire doctrine thereby vesting authorship ab initio in the production company. The Sixth Circuit reversed. In a split decision, the Sixth Circuit majority considered the same *Restatement of Agency* factors with a significantly different interpretation. The Court stated:

> In finding "employee" status in this case, the district court relied on six of the above factors: Hi-Tech's right to control and actual control, the source of the instrumentalities, Hi-Tech's right to assign additional projects, the assistants' role in hiring and paying their own assistants, the scope of Hi-Tech's business, and Hi-Tech's status as a business.[92]

The circuit court sharply criticized the district court:

> More importantly, the district court erred as a matter of law in its application of the common law of agency to the facts of this case. The district court misapprehended the Supreme Court's statement that no single factor is conclusive in an agency analysis and improperly used this principle to dismiss the relative importance of several factors.[93]

The court then engaged in an ad hoc reexamination of the ten-factor test from *CCNV*, concluding (probably correctly), that the parties were independent contractors. Notwithstanding this arguably cogent analysis, the end result was to find the copyright invalid. Predictability at the outset, notwithstanding, the creative process once again fell victim to tortured constructions which, more often then not, came to resemble 1909 Act jurisprudential thinking.

As a final example of the post *CCNV* quagmire and its relationship to § 203 transfers, it is worth examining a 2001 decision from the U.S. District Court for the Southern District of Texas. In *Compaq Computer v. Ergo-*

[91] Hi-Tech Video Prods. v. Capital Cities/ABC, 58 F.3d 1093 (6th Cir. 1995).
[92] *Id.* at 1096.
[93] *Id.*

nome,[94] the court was called on to evaluate competing claims to photographic works used in certain manuals produced by the plaintiffs. The case turned on another split among the circuits relating to the timing of execution of legally sufficient agreements conveying copyright interests. The Seventh Circuit, in *Schiller & Schmidt, Inc. v. Nordisco Corp.*,[95] had indicated that the writing requirement under the work-for-hire doctrine needs to be executed prior to commencement of the creative work. This bright line test was rejected by the Second Circuit in *Playboy Enterprises v. Dumas*,[96] where the court held that the view postulated by Nimmer, that the fully executed documentation need not precede creation, was the sounder position. The district court agreed. More interesting, however, for present purposes, is the construction the district court placed on the written agreement: "Moreover, to the extent that the document between Ergonome and Gruber did not operate as a work-for-hire agreement, the Court agrees with Ergonome that it nonetheless suffices as an *assignment* of Gruber's rights in the photographs to Ergonome."[97] The court then goes on to quote Judge Kozinski's now famous statement about § 201(d) assignments: "It doesn't have to be the Magna Carta; a one line pro forma statement will do."[98]

This simple language, almost a throwaway in the context of the opinion, is startling. *The very fact that the agreement at issue is indeterminate in character (assignment or work for hire) goes to the very heart of the § 203 problem; Who, if anyone, holds a right to terminate?* If, in the year 2028 (thirty-five years after execution of the agreement at issue in *Ergonome*) the "assignment" may be terminated, and ten years prior to that (Oct. 28, 2018) notice of intent to terminate may be given, does such notice necessitate the re-litigation of the entire work-for-hire issue?

VI. UNCERTAINTY AT THE DRAFTING STAGE: THE "BELT AND SUSPENDERS" APPROACH

To further complicate matters, it has become necessary in a variety of copyright transactions to account for the legal uncertainty of authorship at the formation stage of development. This is true in a variety of industries including those which may, at first glance, appear to be "Commissioned Works" under one of the nine enumerated categories as well as those which under *CCNV* require an agency analysis in the first instance.

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[94] Compaq Computer Corp. v. Ergonome, Inc., 210 F. Supp. 2d 839 (S.D. Tex. 2001).

[95] 969 F.2d 410 (7th Cir. 1992).

[96] 53 F.3d 549 (2d Cir. 1995).

[97] *Compaq*, 210 F. Supp. 2d at 844 (emphasis added).

[98] *Id.* (citing Effects Assocs., Inc. v. Cohen, 908 F.2d 555, 557 (9th Cir. 1990)).

For example, a large multimedia producer (X) uses a standard form in transactions involving the development of multimedia deliverables including both software and audio-visual material. This language, without much variation, has become nearly ubiquitous:

> X (Commissioning Party) and Provider agree that the results and proceeds of Provider's services and Provider's employees and independent contractors' services in connection with the Program (including, without limitation, any copyrights) under this Agreement shall be a "work-made-for-hire" for X. Provider further agrees that all the results and proceeds of Provider's services and Provider's employees' and independent contractors' services, whether solely or in collaboration with others, whether or not same is made at the request or suggestion of X, or during or outside of regular hours of work, shall at all times be and remain the sole and exclusive property of X, and X shall own all rights in such results and proceeds, exploitable by X in any and all media whether now known or hereinafter developed throughout the Territory in perpetuity. In the event that it is determined pursuant to the U.S. Copyright Act or otherwise that such results and proceeds are not a "work-made-for-hire" by Provider for X, Provider hereby irrevocably grants and assigns exclusively to X without any reservations of any kind and all rights whatsoever in and to the results and proceeds of Provider's services hereunder (including without limitation the Program, Discs, Source Materials, Master Materials and all delivery items hereunder) including the copyright therein throughout the universe in perpetuity exploitable by X through any and all means whether now known or hereinafter developed. Provider shall cause all of Provider's employees and independent contractors who render services in connection with the Program to execute "written-for-hire" agreements to X and shall deliver copies of such agreements to X together with the Master Materials. Provider waives and relinquishes any claim of *droit moral* or moral rights that Provider may have in connection with Provider's services hereunder or, if it ever deemed that such rights may not be waived or relinquished, said rights are hereby assigned exclusively and irrevocably to X.[99]

This clause is the centerpiece paragraph in a section of the Agreement entitled, "Grant of Rights; Copyright Ownership, Protection, and Enforcement." This section is extraordinarily comprehensive in scope, drafted by

[99] Philips Media Production Agreement, *reprinted in* ENTERTAINMENT LAW 2D ED.; DOCUMENT SUPPLEMENT (Melvin Simensky et al. eds., 1998).

obviously experienced counsel, for a party acquiring rights to new media material being specifically developed for their use and exploitation. It encompasses the drafting necessities of current decided and undecided issues in copyright authorship. Yet, as is readily apparent, the conservative drafter has created a virtual blueprint for the authorship/ownership conundrum under the 1976 Act and the Supreme Court's misguided opinion in *CCNV*.

Assume for purposes of this discussion that this Agreement is executed on January 1, 2005. Under § 203, any grants made thereby would be terminable on January 1, 2040 with notice of the intent to terminate coming on January 1, 2030 at the earliest.[100] One can only imagine the number of putative authors and heirs of authors who might find an interest in terminating the grants. Now assume that the "work for hire" language fails. This is a distinct possibility since it clearly appears that the "Provider" as characterized in the Agreement (and its subcontractors) probably will not meet the agency test for "employees" under *CCNV*. In addition, software, including multi-media software, does not fall within the nine enumerated categories of collaborative works defined in the 1976 Act. Even an argument that this is an "audio-visual" work may fail if that category is determined to apply only to motion pictures. The parties are then left with the language of assignment, which despite its attempt to create a perpetual grant, is clearly terminable under § 203 thirty-five years after execution. A collaborative work of the magnitude contemplated in the quoted Agreement may involve hundreds of putative "authors."

The obvious impact of this uncertainty is to create a situation directly in conflict with the intent of the parties. Careful drafting, experienced counsel, arms-length negotiations between parties of relatively equal bargaining power is likely to prove entirely fruitless. Even an attempt to use the fallback argument, of "joint authorship," will clearly frustrate the parties' intent. Imagine for a moment the havoc created by a multitude of dueling notices of intent to terminate. To call this a permanent employment act for intellectual property litigators is an obvious understatement.

VII. THE CURRENT MARKETPLACE: NO LONGER THE REALITY OF 1965, 1976, OR EVEN 1990

The text of § 203, as indicated above, is in virtually all respects, identical to the suggested language in the 1965 Report.[101] Further, the fundamental premise upon which § 203 is based traces its origins to the Act of 1831.[102] That conceptual underpinning beneath the surface of § 203 and its

[100] 17 U.S.C. § 203 (2000).
[101] *See* 1965 REPORT, *supra* note 34, at 124-28.
[102] Bricker, *supra* note 12, at 27.

predecessors is a market-based assumption: Copyrightable works are inherently incapable of accurate valuation at the time of creation or fixation and, authors and their heirs must be protected against their own impecunious business dealings. The reality, when we examine both the marketplace and decisional law in the last decade, reveals a very different picture.

The intellectual property marketplace of the new millennium bears no resemblance whatsoever to the marketplace that existed during the 1965 House and Senate debates on the new Act. During a 1999 press conference, Deputy Attorney General Eric Holder, Jr., suggested that U.S. copyright and derivative businesses accounted for $433 billion or 5.68% of the country's gross national product. That number is expected to far exceed 6% by 2005. Further, he indicated that the growth in the area amounted to five times the overall economic growth rate. In addition, the software industry alone was said to employ nearly 2.7 million Americans in 1998.[103]

In addition, it is worthwhile to examine the world inhabited today by "authors" and creators of those copyrightable assets. In the world of motion pictures, producers are protected by their inclusion in the enumerated categories under § 101(2) as "works made for hire" as long as the writing requirement is met. Individual contributors are represented in the underlying transaction from both a financial standpoint as well as from an artistic one. The artists' representation by entertainment guilds such as the DGA, SAG, WGA, AFTRA, and assorted technical contributors under IATSI, gives them a clear and distinct voice in the exploitation of their creative labor.[104] While control still exists in the hands of the entities providing the financial backing, it is also true that these entities are assuming virtually all of the financial risk.

Computer programs, although probably protected from the inception of the Act as literary works, were not even "officially" recognized under the 1976 Act until 1980.[105] While computer programs in a generic sense are not included in the § 101(2) categories, it may turn out that new media works which include audio-visual components are. Nevertheless, the clearly collaborative effort expended by legions of programmers whether as employees or independent contractors does not, given the significant educational and technical barriers, give rise to the sort of unfair bargaining position § 203 was designed to balance. In addition, these technological

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[103] Remarks of Eric H. Holder, Jr., Deputy Attorney General, U.S. Department of Justice, announcing the Intellectual Property Rights Initiative in San Jose, Cal., on July 23, 1999. *See also* statistical analysis by industry trade associations, *at* http://www.bsa.org; http://www.riaa.org; http://www.mpaa.org.

[104] *See* WGA, MBA art. 16, Separation of Rights.

[105] Computer Software Copyright Act of 1980, Pub. L. No. 96-517, § 10, 94 Stat. 3015. *See also* H.R. REP. No. 96-1307, pt. 2, at 19 (1980).

works have an extremely short shelf life. From initial launch of a new program to a new version often with an entirely new code base or significantly new features rarely exceeds eighteen months. As a result, the only thing a § 203 termination notice could engender in the context of computer software is destructive, costly, and time-consuming litigation.

With respect to musical works, song writers as a matter of course, generally retain their composition copyrights subject to an assignment to a publisher for administration rights and a 50/50 reserve split. The potential for termination is always present and § 203 adds virtually nothing. With respect to recording artists there still exists a bargaining gap. The record label generally assumes all of the financial risk in exchange for an exclusive assignment of all copyrights in the masters and sound recordings. These grants are clearly terminable under § 203. However, there has been significant discussion about adding sound recordings to the "work for hire" list under § 101(2).[106] This may make some sense provided progress is made along a similar time frame on the organization of a collective bargaining unit to protect the interests of recording artists.[107] At a minimum, the potentially disruptive effect of termination notices given the authorship uncertainty is obvious.

Authors of books and articles, including freelancers, in addition to having significantly more bargaining power today than their predecessors in 1965, have the benefit of some decisional law that positively affects their position in the marketplace. In June of 2001, the U.S. Supreme Court decided *New York Times v. Tasini*.[108] Justice Ginsburg, speaking for a seven-member majority (Justice Stevens filed a dissenting opinion in which Justice Breyer joined), held that while § 201(c) of the 1976 Copyright Act allowed for publishers of collective works to continue to publish subsequent editions containing individually copyrighted works, the privilege did not extend to subsequent publication rights in electronic databases. The case dealt with freelance articles initially published in several print publications including the *New York Times*. The print publisher subsequently licensed their publications to LexisNexis for inclusion in a vast electronic database. The section of the 1976 Act at issue states: "In the absence of an express transfer of the copyright or of any of the rights under it, the owner of the copyright in a collective work is presumed to have acquired only the

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106 *See United States Copyright Office and Sound Recordings as Work Made for Hire: Hearing before the Subcommittee on Courts and Intellectual Property of the Committee on the Judiciary*, 106th Cong. (2000) (statement of Marybeth Peters, Register of Copyrights), *available at* http://www.copyright.gov/docs/regstat52500.html.

107 *See* Recording Artist's Coalition Web site, *at* http://www.recordingartistscoalition.com (last visited June 14, 2004).

108 533 U.S. 483 (2001).

privilege of reproducing and distributing the contribution as a part of that particular collective work, any revision of that collective work, and any later collective work in the same series."[109] In evaluating the scope of the privilege, the Court struck the proper balance: "Essentially, § 201(c) adjusts a publisher's copyright in its collective work to accommodate a freelancer's copyright in her contribution. If there is a demand for a freelance article standing alone or in a new collection, the Copyright Act allows the freelancer to benefit from that demand; after authorizing initial publication, the freelancer may also sell the article to others."[110] Of interest here is the fact the above quote from the *Tasini* opinion cites language from *Stewart v. Abend*, "when an author produces a work which later commands a higher price in the market than the original bargain provided, the copyright statute is designed to provide the author the power to negotiate for the realized value of the work."[111]

If in fact, in the current marketplace the value of pieces like those at issue in *Tasini* lies in the electronic database world, doesn't § 201(c) provide the necessary second bite? If so, in addition to being potentially disruptive, § 203 in this context might be redundant as well. It should be noted that the effect of *Tasini* in the marketplace has been to change the nature of the contracts by publishers to include electronic database rights as a condition of publication in the first instance. It has been argued that the impact is to continue to allow publishers to extract these deals from freelancers by virtue of their superior bargaining power. However, while this may be true, it still doesn't rise to the level of the marketplace misconception underlying § 203; that the parties are unaware of the value of the work at inception. The fact that a freelancer knows in advance that the publisher intends to license the work for inclusion in an electronic database should allow the freelancer to extract either a larger purchase price or ongoing royalty participation as a condition of the additional grant. Further, as technology expands, as it surely will over the next thirty-five years, new forms of exploitation will, under § 201(c) allow for new negotiations.

This paradigm is also true with respect to the growing market for the electronic exploitation of books. At least one court has held (albeit not without criticism), that despite language in book publishing agreements designed to allow for exploitation by the publishers of the works in technologies that were not in existence or even contemplated at the time the agreements were executed, such language did not convey the rights to

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[109] 17 U.S.C. § 201(c) (2000).
[110] *Tasini*, 533 U.S. at 497.
[111] Stewart v. Abend, 495 U.S. 207, 229 (1990) (internal citations omitted).

publish "ebooks."[112] The court based its ruling on a "new use" contract interpretation theory that focused on the medium in which the work was exploited.[113] "The term 'motion picture' reasonably can be understood to refer to a 'broad genus whose fundamental characteristic is a series of related images that impart an impression of motion when shown in succession. . . . Under this concept the physical form in which the motion picture is fixed — film, tape, discs, and so forth — is irrelevant."[114] As the court in *Rosetta Books* stated: "In this case, the 'new use' — electronic signals sent over the internet — is a separate medium from the original use — printed words on paper."[115] Acceptance of the "new use" approach taken by the district court will inevitably lead to authors being able to take a new financial bite at the apple as technology continues to develop. Again, separate and apart from the disruptive impact of § 203 discussed above, it may, as technology changes, be not only redundant, but may also have the effect of shifting the delicate copyright balance too far.

VIII. THE NEED FOR CONGRESSIONAL ACTION

A number of obvious and perceptible judicial and practical misconceptions emerge from the preceding analysis. First and foremost, it should now be apparent from the current market analysis discussed above that certain preconceived notions about copyright valuations upon which the Acts of 1831, 1909, and 1976 were based are fundamentally flawed. Second, the lack of coherent legislative history during the twenty years or more of studies preceding enactment of the 1976 Act, the documented compromises during the 1965 House reports on §§ 304(c), 203, and the work-for-hire sections providing limited future guidance, resulted in inconsistent judicial decisions. Finally, the U.S, Supreme Court's 1989 decision in *CCNV v. Reid*, importing wholesale the fluid *Restatement of Agency* factors into the employment status of the works' creators, has created a level of uncertainty of epic proportions.

When these elements are juxtaposed with the critical timetable under § 203 (January 1, 2003 was the date for the earliest statutory notice under this section), it should be patently obvious that remedial congressional action is warranted. First, statutory clarification of "employee" under the work-for-hire doctrine is essential. It has been suggested, both by certain commentators[116] and by the Ninth Circuit's opinion in *Dumas*,[117] that im-

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112 Random House, Inc. v. Rosetta Books, LLC, 150 F. Supp. 2d 613 (S.D.N.Y. 2001).

113 *Id.* at 622 (distinguishing Bourne v. Walt Disney Co., 68 F.3d 621 (2d Cir. 1995)).

114 *Id.* (citing *Bourne*, 68 F.3d at 630) (internal citations omitted).

115 *Id.*

116 *See* Hamilton, *supra* note 86.

portation of an employment definition from another statute would go a long way to enhance the essential predictability at the inception of the creative process. In addition, careful thought to the categories of collaborative enumerated works under the second section of § 101 will ensure statutory authorship in a single entity to enhance efficient exploitation of works with potentially hundreds of competing authorship claims. Already, the collective bargaining units such as SAG, WGA and the DGA effectively accommodate economic and artistic interests of creative participants. Addition of a comparable bargaining unit representing the interests of recording artists is another essential element to be added to the mix.

Additionally, limited recognition of the concept of "duality"[118] imported from civil law regimes will significantly cut down on concerns relating to underlying artistic integrity in the work's exploitation. This notion has already been adopted in part in §106(A) (and has incidentally stretched some 15 U.S.C. § 1125(a) (43(a)) claims beyond recognition),[119] and goes a long way towards international harmonization. The French failsafe provisions, which act as an economic governor on *droit de repentir*, which require indemnification and a concomitant right of first refusal may, with some modification, be a workable solution.

Artists, creators, publishers and producers will all benefit from a copyright jurisprudence that provides the necessary predictability at the earliest possible moment. The delicate constitutional balance under the "Progress of Science" clause requires nothing less.[120]

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117 Dumas v. Gommerman, 865 F.2d 1093 (9th Cir. 1989).
118 *See* GOLDSTEIN, *supra* note 15.
119 Gilliam v. Am. Broad. Cos., 538 F.2d 14 (2d Cir. 1976).
120 U.S. CONST. art. 1, § 8, cl. 8.

PART III

COPYRIGHT CORNER

MARITIME DISASTERS AND MEMORABLE CASES

by JOSEPH J. BEARD*

INTRODUCTION

It was Catherine Seville's article in Issue One of this Volume that prompted me to occupy the *Copyright Corner* in Issue Four. In *Peter Pan's Rights: "To Die Will Be an Awfully Big Adventure"*, Professor Seville made reference to impresario Charles Frohman and the fact that he perished when the *Lusitania* was torpedoed in World War I. Frohman is perhaps best remembered by intellectual property lawyers for the judicial decision, *Ferris v. Frohman*.[1] That called to mind that there were two other maritime disasters in the early years of the twentieth century involving individuals who were named parties in very memorable decisions, decisions of particular interest to intellectual property practitioners. Standing alongside Charles Frohman are John R. Binns, Isidor Straus and Lucy, Lady Duff-Gordon.

I. BINNS v. VITAGRAPH OF AMERICA

On Friday, January 22, 1909, the White Star steamer *Republic* departed New York bound for the Mediterranean with 211 passengers in first class and 250 in steerage. In the early hours of Saturday morning, the steamer was some twenty-six miles southeast of Nantucket Lightship. Shrouded in a dense fog, the *Republic* continuously sounded its whistle. Suddenly, at 5:45 A.M., out of the fog came the liner *Florida*. The *Florida's* bow knifed through the port side of the *Republic*, inflicting a mortal wound. The *Republic* was equipped with the then cutting-edge communications technology, the Marconi wireless telegraph. John R. Binns, an employee of the Marconi Wireless Telegraph Company, was the wireless operator. Throughout the day and into the night Binns sent the international distress signal (then the letters C.Q.D.) as well as other messages. He was hailed as a hero. As one newspaper article noted, "The indomita-

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[1] 223 U.S. 424 (1912).

ble Binns . . . kept the whole thousand-odd souls on board the two boats in touch with the world out beyond the fog."[2]

Quick to seize on the public adulation showered on Binns, the Vitagraph Company made a short film, *C.Q.D. or Saved by Wireless*, with an actor, playing the role of Binns, made up to look like a wireless operator.[3] Although the film involved a scene entitled "Jack Binns and his American Smile," Binns was, in fact, a British subject, and had shunned the spotlight, refusing all offers of theatrical engagements.[4]

Binns sued Vitagraph for violation of the privacy statute that had been enacted by the New York Legislature in 1903[5] in response to widespread criticism of the result in *Roberson v. Rochester Folding Box Co.*[6] Binns claimed that Vitagraph's portrayal of him in a commercial film without his permission violated New York Civil Rights Law § 51.[7] The New York Court of Appeals held that "the name and picture of plaintiff were used by the defendant as a matter of business and profit contrary to the prohibition of the statute."[8] Thus, John Binns became not only part of maritime folklore but part of the early history of the right of publicity.

II. BOBBS-MERRILL CO. v. STRAUS

The White Star Line, owner of the *Republic*, and the Marconi wireless were to figure in another maritime disaster a little more than three years after the *Republic* loss. Two of the passengers in the 1912 disaster were, like Binns, parties to celebrated judicial opinions.

On April 10, 1912 the unsinkable White Star steamship *Titanic* began its maiden voyage. The sailing list included Sir Cosmo and Lady Duff-Gordon and Mr. and Mrs. Isidor Straus. One of the two couples would survive the sinking of the steamship; the other couple would not be so lucky.

At 11:40 P.M. on the night of April 14, 1912, "A Night to Remember,"[9] the *Titanic* struck an iceberg. At 2:20 A.M., the stricken ship sank with a loss of 1,522 souls. Among those who perished were Isidor Straus,

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[2] *Baltic Brings Full Details of Fog Crash*, N.Y. TIMES, Jan. 26, 1906, at 1.

[3] Record at 51, Binns v. Vitagraph of Am., 132 N.Y.S. 237 (App. Div. 1911), *aff'd*, 103 N.E. 1108 (N.Y. 1913).

[4] *Id.* at 32.

[5] 1903 N.Y. Laws ch. 132, § 2 (codified at N.Y. CIV. RIGHTS LAW § 51 (McKinney Supp. 2004)).

[6] 64 N.E. 442 (N.Y. 1902).

[7] Binns v. Vitagraph Co. of Am., 67 Misc. 327, 328 (Sup. Ct. Spec. T. N.Y County), *aff'd*, 125 N.Y.S. 786 (App. Div. 1910).

[8] Binns v. Vitagraph Co. of Am., 103 N.E. 1108 (N.Y. 1913).

[9] The title of Walter Lord's 1955 book on the sinking, *A Night to Remember*, has become synonymous with the event itself.

age 67, and his wife.[10] Although R.H. Macy's is a world-famous store, remembered for the film *Miracle on 34th Street* (both the original and the remake), and for the nationally-televised Macy's Thanksgiving Day Parade, very few, if any, will recall the connection between Isidor Straus and Macy's. But, to intellectual property practitioners and academics, his name will be forever associated with the first sale doctrine now codified at 17 U.S.C. § 109. He might properly be called the "father" of the doctrine.

Isidor Straus, a one-term New York congressman, was, along with his brother Nathan, a partner in R.H. Macy & Co. Bobbs-Merrill Company brought suit against them to restrain the defendants from reselling at retail copies of the book, *The Castaway* at less than one dollar in contravention of a notice of such restriction printed on the same page as the copyright notices.[11] The U.S. Supreme Court stated the question presented:

> [D]oes the sole right to vend . . . secure to the owner of copyright the right, after sale of the book to a purchaser, to restrict future sales of the book at retail, to the right to sell it at a certain price per copy, because of a notice in the book that a sale at a different price will be treated as an infringement, which notice has been brought home to one undertaking to sell for less than the named sum?[12]

The Supreme Court answered the question it posed in the negative:

> In our view the copyright statutes, which protecting the owner of the copyright in his right to multiply and sell his production, do not create the right to impose, by notice, such as is disclosed in this case, a limitation at which the book shall be sold at retail by future purchasers, with whom there is no privity contract.[13]

With this decision the "first sale" doctrine was born.[14]

III. WOOD V. LUCY, LADY DUFF-GORDON

Though over 1500 souls were lost when the *Titanic* sank, some 705 survived; among them were Sir Cosmo and Lady Duff-Gordon. In fact, the Gordons boarded a lifeboat early in the sinking, taking their personal servants with them. In an inquiry held in London, a crewman when asked why his boat, which was not fully loaded, did not return to the scene of the

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[10] The final moments of Straus and his wife were poignantly portrayed in James Cameron's epic *Titanic*.

[11] Bobbs-Merrill Co. v. Straus, 210 U.S. 339, 341 (1908).

[12] *Id.* at 350.

[13] *Id.*

[14] "This first sale doctrine traces back to *Bobbs-Merrill Co. v. Straus*." 2 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 8.12[B][1] (2004).

disaster, testified that "Sir Cosmo objected on the ground that it could be dangerous . . . and . . . Lady Duff-Gordon agreed with her husband."[15] Although they disputed these reports,[16] upon their return to London society they "were shunned in some circles."[17]

Lady Duff-Gordon, a Canadian by birth, had gone into the dress business in the 1890s, marrying Duff-Gordon in 1900. She gained fame for her "chic" women's wear and was a substantial shareholder in Lucile, Ltd., which was established for the first time in New York in January 1910.

It was in connection with her celebrity in the world of fashion that led to her entering the pantheon of enduring decisions. Lady Duff-Gordon had entered into a contract with Otis F. Wood in which he would have the exclusive right to place her endorsements on the designs of others and to place her own designs on sale. In exchange, she would receive one-half the profits. Wood sued when he discovered she was placing endorsements on products and had withheld profits.

When the case reached the New York Court of Appeals, Benjamin Cardozo held that, despite the fact that Wood "does not promise in so many words that he will use reasonable efforts"[18] on behalf of Lady Duff-Gordon, "such a promise is fairly to be implied."[19] That case has been cited in some 500 subsequent decisions and in over two hundred law review articles.

IV. FERRIS v. FROHMAN

Charles Frohman was a showman famous on both sides of the Atlantic. On Saturday May 1, 1915, New York newspapers contained a warning by the German Imperial Embassy that "travelers sailing in the war zone on ships of Great Britain or her allies do so at their own risk."[20] Despite this warning and the protestation of his friends, impresario Charles Frohman, known as "the Napoleon of the Drama,"[21] in part because of his small stature, sailed on the Cunard steamship *Lusitania* that very day. He was making his annual visit to London to see the new plays and attend to his own affairs there. Ironically, "in his last letter sent with the departing

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15 *See Says Duff-Gordons Prevented Rescues*, N.Y. TIMES, May 10, 1912, at 6; *Let Titanic Victims Die*, WASH. POST, May 10, 1912, at 5.

16 *See Boat Not Kept Away, Duff-Gordon Says*, N.Y. TIMES, May 18, 1912, at 14; *Did Not Object to Rescues*, WASH. POST, May 18, 1912, at 4.

17 *Sir Cosmo & Lady Duff Gordon*, WebTitanic, *at* http://www.webtitanic.net/cosmo.html (last visited Oct. 29, 2004).

18 Wood v. Lucy, Lady Duff-Gordon, 118 N.E. 214, 214 (N.Y. 1917).

19 *Id.*

20 DIANA PRESTON, LUSITANIA: AN EPIC TRAGEDY 91 (2002).

21 ROBERT D. BALLARD, EXPLORING THE LUSITANIA 32 (1995).

ship's pilot, Frohman had sketched a submarine attacking a transatlantic liner."[22] His sketch proved prophetic.

On May 7, the German submarine U-20, commanded by Kapitänleutnant Walther Schweiger, spotted the *Lusitania*, submerged and at 2:10 P.M. fired a single torpedo. The *Lusitania* immediately began to sink.[23] As the ship rapidly settled deeper into the water, Frohman gave his life jacket to a woman. Just before the ship sank, Frohman was quoted by his friend, actress Rita Jolivet, as saying "Why fear death? It is the most beautiful adventure in life."[24]

While theater buffs and historians remember Charles Frohman as a transatlantic impresario, he is also remembered by the intellectual property bar for the U.S. Supreme Court decision, *Ferris v. Frohman*.[25] In that decision, the Supreme Court held that:

> The public representation of a dramatic composition, not printed and published, does not deprive the owner of his common-law right . . . [and] . . . the public performance of the play is not an abandonment of it to the public use.[26]

And so, in the annals of intellectual property law, Charles Frohman will always be remembered for the maxim "performance is not publication."[27]

For those interested in maritime history, John R. Binns, Isidor Straus, Lucy Lady Duff-Gordon and Charles Frohman will be forever associated with the particular ill-fated ships in which they sailed. For lawyers, John R. Binns, Isidor Straus, Lucy, Lady Duff-Gordon and Charles Frohman will be forever associated with the judicial decisions that bear their name.

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22 PRESTON, *supra* note 20, at 143.

23 *Id.* at 191.

24 *Rita Jolivet Tells How Frohman Died*, N.Y. TIMES, Apr. 18, 1918, at 8. In fact, the line in Peter Pan reads "To die will be an awfully big adventure." Did Frohman paraphrase Barrie's words or did the actress misremember Frohman's exact words?

25 223 U.S. 424 (1912).

26 *Id.* at 435.

27 In fact, *Ferris v. Frohman* is "The leading case enunciating this principle." 1 NIMMER & NIMMER, *supra* note 14, § 4.08[A].

PART IV

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

PART IV

LEGISLATIVE AND ADMINISTRATIVE DEVELOPMENTS

United States

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Copyright Office Amends Regulations Regarding Communication with the Office. Federal Register, vol. 69, no. 125, pp. 39,331-33. The Copyright Office is amending its regulations regarding communication with the Office to reflect a change and/or correction in the filing address for hand-delivered correspondence, claims, and other documents intended for the Office of the Copyright General Counsel. The amendments change the address for receipt of these documents from Room 403 to Room 401 of the James Madison Memorial Building. They also revise the regulations to distinguish between the delivery of documents hand delivered by private parties and those delivered by commercial couriers. In addition, the Copyright Office is making minor changes to other addresses found in its regulations and is adopting several changes regarding communications with the Office that were proposed in 2000. These amendments facilitate communication with the Office in a timely and efficient manner. For further information, go to the Copyright Office Web site at http://www.copyright.gov/fedreg/2004/69fr39331.html.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Final Rule Concerning Legal Processes Published. Federal Register, vol. 69, no. 125, pp. 39,333-37. The Copyright Office is publishing a final rule concerning legal processes. These regulations govern procedures for the service of process on the Copyright Office, the Register of Copyrights, or an employee of the Copyright Office acting in his or her official capacity, and the production of Office documents and testimony of Office employees in legal proceedings. These regulations will serve as a statement of Office policy and provide comprehensive guidelines for the Office and its employees, outside agencies, and other persons regarding the appropriate procedures in these areas. For further information, go to the Copyright Office Web site at http://www.copyright.gov/fedreg/2004/69fr39333.html.

U.S. LIBRARY OF CONGRESS. COPYRIGHT OFFICE

Office Initiates Proposed Rulemaking on Reconsideration of Refusal to Register. Federal Register, vol. 69, no. 133, pp. 42,004-07. The Copyright

Office published a notice of proposed rulemaking that would codify and make minor modifications to the procedures announced in 1995 governing requests by applicants that the Copyright Office reconsider refusals to register copyright claims. The notice extends these procedures to refusals to register claims in mask works or vessel hull designs, changes the name of the Copyright Office Board of Appeals to the Review Board, and provides that a decision by the Review Board constitutes final agency action. The proposal continues to give copyright applicants two opportunities to seek reconsideration of a Copyright Office decision to refuse registration. Comments were due on September 13. Reply comments were due on October 26. For further information, go to the Copyright Office Web site at http://www.copyright.gov/fedreg/2004/69fr42004.html.

U.S. Library of Congress. Copyright Office

Amendments Proposed to Regulations Providing for Reporting of Use of Sound Recordings Under Sections 114 and 112. Federal Register, vol. 69, no. 133, pp. 42,007-10. The Copyright Office proposes to adopt regulations specifying that the records of the use of sound recordings performed by means of digital audio transmissions during the period between October 28, 1998, and March 31, 2004, submitted by preexisting subscription services shall be considered the records of use for all services operating under the section 112(e) and section 114 licenses for that period. The Office proposes that no additional records need be filed by non-subscription services, satellite digital radio audio services, or new types of subscription services. Comments were due on August 12. For further information, go to the Copyright Office Web site at http://www.copyright.gov/fedreg/2004/69fr42007.html.

PART V

BIBLIOGRAPHY

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BIBLIOGRAPHY

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